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U.S. and Soviets: New Partnership Based Upon Need

By Michael Dobbs
Washington Post Service

HELSINKI — To a large extent, President Mikhail S. Gorbachev achieved his primary objective at Sunday's summit conference: a message that the Soviet Union and the United States were cooperating as partners to solve the first crisis of the post-Cold War period.

The joint statement demanding Iraq's complete withdrawal from Kuwait was a practical demonstration that the two superpowers are no longer on opposite sides. After more than seven decades of international isolation, the Soviets have finally come in from the cold. Indeed, Barbara Bush went so far as to remark to reporters that the Soviet Union should now be considered "part of the free world."

The first U.S.-Soviet attempt at crisis management since the Cold War expired also ended with a significant success for President George Bush. He extracted a commitment from Mr. Gorbachev to see that the crisis in the Gulf ended with a political defeat for President Saddam Hussein of Iraq. He also persuaded the Soviet leader to consider the possibility of new action by the United Nations against Baghdad if economic sanctions failed to produce the desired result.

By formally committing themselves to ensuring the "complete implementation of United Nations Security Council resolutions" on Kuwait, the Soviet Union and the United States are placing their international prestige on the line. The stakes are no longer simply the future of a tiny sheikhdom on the edge of the Gulf but the political authority of both Washington and Moscow as the world enters a new era of superpower cooperation.

As Mr. Gorbachev and Mr. Bush gave their joint press conference, their political need for each other was quite apparent.

Mr. Bush needs Mr. Gorbachev because the Soviet Union, for all its diminished superpower status and appalling domestic problems, still possesses a Security Council veto and the ability to cause international mischief. Without Soviet backing, Mr. Bush would be unable to claim that the contest in the Gulf is not the United States against the Arab world but the international community against Mr. Hussein.

Mr. Gorbachev needs Mr. Bush for different, but equally compelling, reasons. He needs

NEWS ANALYSIS

an infusion of Western assistance for his country's devastated economy, which it will be much easier to get if he has Washington's official seal of approval. He wants to maintain his own image as the international statesman who consigned the Cold War to the garbage dump of history. And he is also eager to show that the Soviet Union still matters in world affairs.

"In today's world, no single country , however powerful, is able to provide the leadership which individual countries tried to provide in the past, including some countries that are represented here," Mr. Gorbachev said. "We can only succeed if we work together."

In this way he was effectively acknowledging Soviet weakness but also raising questions about the ability of the United States to impose its will on the rest of the world.

Mr. Gorbachev was clearly stung by Mr. Hussein's charge, made in an internationally televised broadcast Saturday night, that Moscow's support for Washington's handling of the Gulf crisis was a reflection of the Soviet Union's decline as a world power.

He accused the Iraqi president of leading his country into

See GULF, Page 7

Bush and Gorbachev, Stressing Unity, Warn Saddam Hussein of 'Dead End'

By Joseph Fitchett
International Herald Tribune

HELSINKI — With the stern tone of global policemen, Presidents George Bush and Mikhail S. Gorbachev ordered President Saddam Hussein of Iraq on Sunday to heed the world community and disgorge Kuwait before he brought catastrophe to his country and other Arabs.

Sitting alongside Mr. Bush at a press conference that concluded an emergency one-day summit conference to deal with the Gulf crisis, Mr. Gorbachev said the Iraqi leader was "driving into a dead end."

The question of possible military action against Iraq was left open, with Mr. Bush stressing that it remained an option if economic pressure failed, and Mr. Gorbachev emphasizing the hope of peaceful Iraqi acquiescence.

The two men, in a statement, pledged their determination to "see this aggression end." They added that, "if current steps fail to end it, we are prepared to consider additional ones." They were presumably alluding to military action approved by the United Nations.

Both leaders insisted that they had not discussed specific military options and instead had dwelled on a strategy of getting Iraq to back down through stiff enforcement of sanctions.

This effort to keep the focus on UN resolutions, officials said, was designed to keep together the front of industrial and Arab nations opposing Iraq.

Mr. Bush, when asked at a news conference whether he had reaffirmed the possibility of using force, nodded affirmatively. Then he stressed the need to pursue the embargo and ducked a question — as "too hypothetical" — about military contingencies if the UN embargo of Iraq seemed to be failing.

Excerpts from the Helsinki news conference. Page 6.

He also denied asking Mr. Gorbachev for Soviet military involvement in the Gulf, but he added that the United States would have no objection to Soviet troops in Saudi Arabia if Riyadh asked for them.

A U.S. official disclosed that Mr. Gorbachev had made it plain that Moscow would "have problems doing anything military outside a specific UN context."

The two leaders obtained an impression of solidarity partly by insisting that the summit talks had focused on broad political convergences, without many concrete new commitments.

But a U.S. official acknowledged that the meeting had produced "astoundingly few specifics" and, publicly at least, had "simply reaffirmed that both governments are shoulder to shoulder" in confronting Iraq.

The significance of the meeting, other U.S. officials said, lies in the broad foundations laid by the two leaders for vastly expanded U.S.-Soviet cooperation in seeking to manage Third World crises.

Mr. Gorbachev gained U.S. recognition of his vision of Moscow as a reformed, reliable partner on security issues, and in doing so he scored one of the most substantial gains yet for his claim to have reoriented Soviet foreign policy, diplomats said.

Mr. Bush, a diplomat said, "has conferred new statesman's status on Gorbachev which helps him internationally at a moment when he is being discredited at home every day the economy falls farther apart."

To help relieve his economic porblems, Mr. Gorbachev also got a pledge of White House support for technical aid, including help for the oil industry.

He rejected any suggestion that Moscow's alignment with U.S. policy was exposing its geopolitical weakness or had been "bought by dollars."

But Mr. Bush publicly linked his shift in favor of more economic aid for the Soviet Union — in contrast to his objections at the seven-nation economic summit talks in July — to Moscow's cooperation against Iraq.

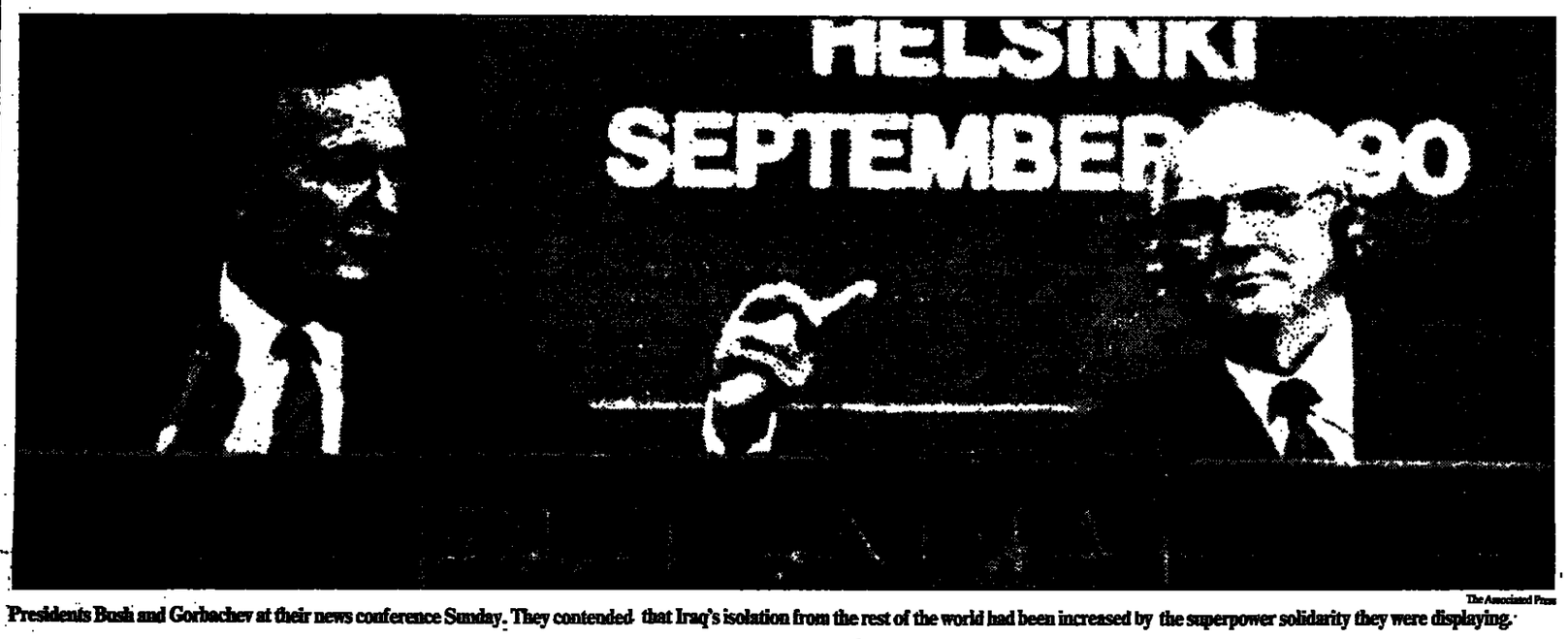
The new U.S. view was described by an official as "partly something they've earned by good behavior, partly something we can give because of their weakness." It appeared to represent the Bush administration's blessing for a long-term Soviet involvement in the Middle East.

For 25 years the most volatile theater of East-West rivalry, the Middle East has seen successive administrations put high priority on blocking any increase in Soviet political access to the region.

In a fundamental U.S. switch, the joint statement Sunday invited Moscow to join in seeking to "develop regional security structures and measures to promote peace and stability" — in effect, the ideas put forward last week by Secretary of State James A. Baker 3d for new military pacts in the Middle East.

While confirming the shift, a U.S. participant in the

See SUMMIT, Page 6



The Associated Press

Presidents Bush and Gorbachev at their news conference Sunday. They contended that Iraq's isolation from the rest of the world had been increased by the superpower solidarity they were displaying.

Increasingly, Moderate Arabs See Need for a Military Strike

By John Kifner
New York Times Service

CAIRO — Moderate Arab governments aligned against Iraq are increasingly speaking in private of what they see as the need for military action to eliminate President Saddam Hussein and his cache of powerful weapons.

"They can't leave him there," a high-ranking Egyptian government official said of President Hussein. "He's a madman. He's a megiomaniac."

Despite repeated public statements by Arab leaders that the U.S.-led forces massing in Saudi Arabia are only for the defense of the kingdom and hopes that sanctions will eventually force Iraq to disgorge Kuwait, there is a growing unspoken consensus among them that a military strike is probably inevitable. Some are saying it should be sooner, rather than later.

This consensus, diplomats and Arab officials say, is being shaped by the growing perception that Mr. Hussein has no intention of backing down from his takeover of Kuwait and is instead engaged in a series of delaying maneuvers in hopes of splitting the alliance ranged against him, frightening or destabilizing opposing Arab governments and poking holes in the UN-imposed economic embargo.

"Everybody is resigned to the fact that the tactics of Saddam Hussein are leading willy-nilly to war whether we like it or not," said Tahseen Basheer, a retired Egyptian diplomat and government spokesman who keeps in close political touch.

"They are crossing their fingers and hoping this will be an operation of a few hours and everybody will live happily ever after."

The high-ranking Egyptian official, known to be close to President Hosni Mubarak's thinking, spoke in private of a war that "wouldn't last three or four days."

"Three or four days and it's finished, he said."

Reminded that the stated purpose of the more than 100,000 American, Egyptian and other Arab troops in Saudi Arabia was defense, he replied: "Sometimes you have to assault to defend."

Mr. Mubarak himself touched Saturday on the threat that Iraq's military might, which includes chemical weapons

See ARABS, Page 7

Aziz Seeks Iran Aid To Break Embargo

By Edward Cody
Washington Post Service

AMMAN, Jordan — Foreign Minister Tariq Aziz of Iraq accelerated Baghdad's campaign to beat the UN trade embargo on Sunday, becoming the first high-level Iraqi to visit Tehran since the two nations went to war 10 years ago.

The visit put a personal seal on the decision by President Saddam Hussein of Iraq last month to accept Iranian terms for a formal end to the war that divided the Gulf neighbors from 1980 until a UN cease-fire in 1988. Since then, the former belligerents have traded thousands of war prisoners and begun adjusting the pockets of each other's borderline captured during the conflict.

Diplomatic sources in Baghdad said Mr. Hussein has sought out Tehran's friendship in hopes the porous 750-mile (1,212-kilometer) border between the two countries can become an avenue of overt or even secret trade to overcome the total embargo imposed by the UN Security Council after Iraq invaded Kuwait on Aug. 2.

The Iran-Iraq border has been crossed by smugglers and traders for centuries. The commerce continued on a small-scale even during eight years of war. According to the sources in Baghdad, it can be expected to flourish in violation of the UN embargo in the months ahead.

But Iraq is seeking trade on a grander scale, they explained. Mr. Hussein needs an outlet for his oil — export or purchase of which is banned by the embargo — and a way to obtain spare parts for his military and petroleum and other industries vital to keep the country running during the confrontation over Kuwait.

Baghdad has been in touch with a number of governments, offering lucrative business contracts to some and threatening others, in a concerted and wide-ranging effort to find a way around the embargo, the sources said. Some unidentified governments have shown an interest in responding but no deals have been solidified so far, they added.

Despite Iran's long-standing enmity toward the United States and

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More Gulf News

What Iraq really wants: A Gulf port. Page 7.
Kuwait's U.S. ambassador said Kuwait would welcome back foreign refugees. Page 2.
Israelis said the crisis reaffirmed their policies. Page 7.
Saddam Hussein told Presidents Bush and Gorbachev he wouldn't budge. Page 6.
Iraq's army is digging in, an Egyptian officer said. Page 7.
The UN High Commissioner for Refugees sees a 'precarious' situation. Page 2.

Moscow Presses for Deep U.S. Troop Cuts in the New Europe

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — A senior Soviet official, citing sweeping shifts in the European political landscape, has proposed a drastic reduction in the U.S. troops and allied military equipment allowed to be based in Europe under a new conventional arms treaty expected to be completed this year, according to U.S. and allied officials.

The chief Soviet negotiator, Oleg A. Grinevsky, noting the forthcoming withdrawal of all Soviet military forces from Eastern Europe, told U.S. negotiators that the United States should be restricted to 70,000 to 80,000 troops in Western Europe, the officials said.

He also proposed roughly halving the number of tanks and armored personnel carriers that the West wants to keep in Central Europe under the treaty.

This new proposal would force a U.S. troop reduction of about 75 percent from the current level of 305,000.

The new figure would be well below the total previously agreed on by both superpowers of 225,000 U.S. troops in Western Europe and 195,000 Soviet troops in Eastern Europe, the Western officials said.

"This may be more of a trial balloon than a serious proposal," a senior U.S. official said Saturday. "It also may be a reflection of the confused state of Soviet arms negotiating."

U.S. officials say that the Bush administration plans to seek clarification of Mr. Grinevsky's proposal, which they called unacceptable, and to tell Moscow that it would jeopardize completion of the treaty in time for a planned East-West summit meeting in Paris in November.

The proposed treaty was not mentioned in the news conference after Sunday's summit meeting in Helsinki, and it was not known whether the matter was discussed. It is likely to be addressed by aides to Secretary of State James A. Baker 3d and Foreign Minister Eduard A. Shevardnadze in Moscow later this week.

The U.S. officials say that Mr. Grinevsky appeared to be backing away from Mr. Shevardnadze's pledge to Mr. Baker last month that all U.S. and Soviet troop limits could be dropped from an initial conventional arms treaty, a proposal that the Bush administration enthusiastically embraced.

They said Mr. Grinevsky had evidently picked the limit of 70,000 to 80,000 U.S. troops because it corresponds roughly to an army corps, the minimum that the chairman of the Joint Chiefs of Staff, General Colin L. Powell, and the chairman of the Senate Armed Services Com-

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Kiosk

Doe Captured, BBC Reports

MONROVIA, Liberia (AP) — President Samuel K. Doe was shot in the leg and captured Sunday by a rebel faction during heavy fighting in Monrovia, the BBC reported.

More than 60 people, including dozens of Mr. Doe's bodyguards, were slain in the fighting with rebels led by Prince Johnson at the time Mr. Doe was shot, the BBC correspondent in Monrovia reported, quoting witnesses. Mr. Johnson then called the BBC to say he had declared himself president.

Sampras Wins Open

NEW YORK (AP) — Pete Sampras, the 12th seed, beat Andre Agassi, 6-4, 6-3, 6-2, Sunday and captured the U.S. Open tennis championship.

Earlier articles, Page 15.

Business/Finance

EC finance ministers remain divided on plans for a single currency. Page 9.

Crossword Page 4.
Weather Page 2.

The NASA Blues: Not Just Bad Luck

By William J. Broad
New York Times Service

CAPE CANAVERAL, Florida — A wide range of aerospace leaders and former NASA officials say the space agency has suffered such declines in the quality and competence of its technical staff that it will be hard pressed to achieve important new goals.

The agency is barely achieving its current agenda, these experts say, and can hardly be expected to take on the ambitious new plans of the Bush administration to revisit the moon and venture onward to Mars.

That view is buttressed by new studies showing that fewer and fewer researchers cite NASA's patents and scientific papers, an indication their quality and influence have declined.

The agency's own records show how NASA has aged over the past two decades, leaving it with fewer bright young engineers like those who drove its successes of the 1960s.

And serious problems in the space shuttle, the Hubble space telescope and other top programs have reinforced the image of an agency in decline, although officials blame them on a run of bad luck.

The fleet of shuttles, a cornerstone of the administration's space plans, has been grounded for more than three months by fuel leaks.

The shuttle Columbia, its countdown halted three times by technical problems, is now undergoing repairs to fix a new type of fuel leak that recently forced an 11-day flight postponement.

Of the 10 shuttle missions planned for this year, NASA says it will now be lucky to achieve six.

While NASA officials deny any general decline, they concede that personnel and money problems have dogged several programs but add that those problems are being remedied.

Private experts are blunter.

"There's been a hardening of the arteries," said John L. McLucas, chairman of NASA's Advisory Council, a group of 20 aerospace

See NASA, Page 3



Bill Waugh/The Associated Press

PACKERS BEAT RAMS — Green Bay's Brian Noble tackling Pete Holohan of Los Angeles in the National Football League opener Sunday. The Packers won, 36-24. More scores, Page 15.

Symbols of Summitry: The Pleasant Surprises

By Dan Balz
Washington Post Service

HELSINKI — In past meetings with American presidents, President Mikhail S. Gorbachev often arrived with a surprise. On Sunday, he came with a cartoon.

In comic-book colors, the cartoon depicted Mr. Bush and Mr. Gorbachev as boxers in shorts and shirts. A referee with the globe for a head stood between them, holding up their arms in mutual triumph. A battered melting figure labeled "Cold War" lay in the foreground. The word "knockout" was written in Russian at the bottom.

"That's wonderful!" Mr. Bush exclaimed as Mr. Gorbachev presented him with the framed cartoon.

Part of modern summitry revolves around symbols, and the Soviet drawing seemed to capture the spirit as the two men began their third meeting and the two nations continued their rapid pace toward more normal relations.

Envisioned by Mr. Bush as an opportunity to have a frank discussion of the Gulf crisis, aides likened Sunday's sessions in some ways to the kind of meetings Mr. Bush holds with allied leaders.

Not that they see the world in precisely the same way. Their joint news conference in Finlandia Hall revealed clear differences in their approach to the crisis, a reminder that while both men are determined to continue on the path of improved relations, they are still mindful of their own interests.

But the public body language

See HELSINKI, Page 6

UN Commissioner: A 'Precarious' Outlook for Iraq Refugees

The first casualties of the Gulf conflict include a million or more displaced persons who have fled from Kuwait and Iraq. Thorwald Stoltenberg, the UN High Commissioner for Refugees, talked to Joseph Fitchett of the International Herald Tribune about this emergency.

MONDAY Q&A

Q. Why is it taking so long for aid to reach these people piling up in the countries bordering Iraq?

A. My information is that the situation will improve this week in the camps, and then repatriation will start for the migrant workers on their way home to Egypt and Sudan in the Middle East and for most of those going to Asia, to Pakistan, Bangladesh, Sri Lanka, and the Philippines. This is the bulk of the people coming across the borders. But then there are also refugees, for whom I am responsible, the people with no country to go to. They are people from Iraq or Kuwait who were living there as refugees or citizens there who may now become refugees. Whatever the events will be, that problem will come after a while on a scale we can't measure yet.

Q. What gives you confidence that the immediate problem — relief for people in the camps — is going to improve?

A. Understand the problem first: The world has never wanted to put up the funds so that we could be prepared to handle a situation of this sort. Our agencies don't have stocks or anything else to plan for contingencies. We live on gifts, so we can never be ready for a new crisis. Now, for the immediate problem of people in the camps and backed up behind the Iraqi frontiers, I understand that there are funds coming from the European Community, $27 million, with $10 million from Britain, and the United States, $12 million — partly thanks to appeals from the organizations handling the relief work. This is being coordinated by the UN Disaster Relief Organization, with the International Organization of Migration, and the Red Cross, and they are tackling the immediate needs that have emerged in the last couple of weeks: food, shelter, water, medical care, and, of course, transport.

Q. Have the relief agencies reacted as fast as can be expected, realistically speaking?

A. My figures are that 320,000 people have already transited Jordan. But there are economic problems in this situation. The displaced people are all coming from poor countries, which cannot have a quick repatriation program because hundreds of thousands of people are coming back. They will want to use their skills in markets that may have no place for them. And the countries are losing the income of hard currency that was sent home by the migrant workers. So they get more poor people and less income, so it is a very precarious situation.

Q. You mean the problem could get worse?

A. Yes, I'm afraid so. Jordan gets most of the people, but they are also coming out through Syria, Turkey, Saudi Arabia and Iran. All these countries are already meeting costs because of the presence of refugees. And I believe, whatever the developments in Iraq, that after a while we will probably have more people. So far we have had mainly migrant workers, a new kind of problem. But in the next round, we will get refugees in the traditional sense, with no place to go home.

Q. How many political refugees do you anticipate? And have any Iraqis fled and asked for refugee status because they fear persecution under Saddam Hussein?

A. You cannot say yet. The outflow from Iraq seems bound to grow. To my knowledge, there are no Iraqi refugees except ethnic minorities. But we don't know what is going to happen in the way the crisis turns out. Technically, the biggest group of refugees are the Kuwaitis, of course, but they don't want to be considered refugees because they expect to go home. Most of them are in Saudi Arabia, and from my contacts with them, they are being very well treated and, of course, many don't need assistance because they have the means to provide for themselves — and they don't face any risk of being forcibly repatriated to Kuwait under a hostile regime.

As potential political refugees, you have Palestinians, Ethiopians, Somalis, perhaps some Tamils from Sri Lanka. All these cases will have to be screened to see who fits the international criteria for people who can claim political refugee status.

Q. What are the prospects for these long-term refugees?

A. The biggest group are thousands of Iraqi Kurds escaping to Iran and Turkey. I have just come back from Iran, and the refugees there — Pakistani migrant workers going home and Kurds whose future is uncertain — are being treated well. Many of them will want to be resettled eventually in third countries. They and other groups will constitute a sizable new refugee group, and today we have only half the funds per refugee that we had 10 years ago. One good result of this crisis could be that the international community recognizes the value of providing us the kind of resources we need to plan for similar future contingencies.



Claude Salhani/Reuters

Queen Noor of Jordan meeting Asian refugees during a visit to a camp that is sheltering about 60,000 who fled from Kuwait.

Kuwaiti Envoy Says Foreign Refugees Will Be Welcomed Back

By Barry James
International Herald Tribune

The hundreds of thousands of foreign refugees fleeing Kuwait will be welcomed back when the country regains its liberty if they wish to return, according to the Kuwaiti ambassador in Washington, who said: "Nobody's asked them to leave."

He said the welfare of the refugees, tens of thousands of whom are trapped in camps in the no-man's land along the Iraqi-Jordanian border was entirely the moral responsibility of Iraq and Jordan.

The ambassador, Saud Nasir Sabah, accused Iraq of using the refugee drama to distract attention from the main issue, Baghdad's invasion of his country.

"You can see the ploy in all of this," he said in an interview. "These poor people are sitting between the Iraqi and Jordanian borders, and it is the responsibility of these countries to care for them, either to allow them into Jordan or to take them back into Iraq. This is a very inhuman kind of treatment."

Meanwhile, in the Saudi Arabian city of Taif, where Kuwait's government-in-exile has set up headquarters, the finance minister, Sheikh Ali al Khalifa al Athbi as Sabah, said the country's foreign assets around the world had been unfrozen and that the government had "full management" over them.

The official assets, which were frozen after the Iraqi invasion on Aug. 2 to prevent Baghdad getting access to them, are estimated at more than $100 billion. Private assets belonging to the royal family and other Kuwaitis are thought to amount to more than $200 billion.

On Friday, the exiled emir of Kuwait, Sheikh Jaber al Ahmad as Sabah, pledged to Secretary of State James A. Baker 3d that his government would provide $5 billion from its foreign assets this year to help defray the costs of the U.S. military buildup in the Middle East, which are expected to reach $2.5 billion by the end of this month.

Kuwait's enormous wealth was a source of some resentment in the Arab world, an element frequently exploited by Iraq.

But the Kuwaiti ambassador said, "The image of my county has always been respectable and respected by East and West, by developing and developed country. What brought on this whole brutal aggression against my country was the greed of the Iraqis. What you see happening in Kuwait is unprecedented. Iraqi troops went in with instructions to commit acts of brutality and atrocities and loot everything in sight."

Mr. Sabah rejected Baghdad's claims that Kuwait was an artificial colonial creation that belonged historically to Iraq's sphere of influence.

"Kuwait was an entity and a nation before Iraq was one," he said. "If you go back into the history books, you will see that in 1752 Kuwait was a nation identified as such by many. All the Iraqi claims are just pretexts to invade my country and steal whatever they can."

After the shock of the invasion, Mr. Sabah said, the government is getting back to "business as usual." The government still has a 30 percent share of production from oil-producing operations near the Saudi-Kuwaiti border amounting to 300,000 barrels a day, and now that assets have been unblocked the government will receive dividends and income from overseas investments.

The government is continuing diplomatic activities around the world, with the visit to France on Monday of the prime minister, Sheikh Saad al Abdullah as Salim as Sabah.

The anti-Iraqi resistance within Kuwait is "as effective as possible given the circumstances," Mr. Sabah said. "It is keeping the Iraqis on the move and making their life inside Kuwait as miserable as possible."

The ambassador said he hoped the U.S.-Soviet summit conference would result in the restoration of Kuwait as it was before the invasion.

While saying that foreign workers would be welcomed back in a liberated Kuwait, Mr. Sabah said there was no intention to integrate them more closely into the society. They would share in Kuwaiti benefits and have their civil rights, he said, but no more than that. Similarly, the ambassador said he saw no need for greater democratization.

"We have the most democratic system in the whole of the Arab world," he said. "We have freedom of press, freedom of expression and all the freedoms that are envisaged in our constitution." Whether there would be changes in a liberated Kuwait, he said, "has to be left to the Kuwaiti people to decide without outside interference."

Mr. Sabah rejected Baghdad's accusation that Kuwait had been stealing Iraqi oil from a deposit straddling the border.

"That oil field is three miles inside our legally recognized international border," he said. This is a well that we have been drilling and using since 1976 and the Iraqis never before raised a voice about it." He said the claim was just another "lie and fabrication" to justify the Iraqi invasion.

In Taif, the Kuwaiti finance minister said he estimated that Iraq seized gold reserves valued between $300 and $400 million and between $10 million and $15 million in foreign currency that was in deposit in banks at the time of the invasion. But he said the hundreds of millions of Kuwaiti dinars that fell into Iraqi hands were worthless since their serial numbers were known and they cannot be exchanged for hard currency.

U.S. Evacuees Speak of Their Tears and Torment

Compiled by Our Staff From Dispatches

BAGHDAD — An Iraqi Airways jumbo jet left Baghdad for London on Sunday carrying 437 mostly American and British women and children from Kuwait and Iraq, airport sources said.

Another Iraqi Airways flight arrived in Baghdad earlier on Sunday carrying 175 mostly American women and children, and airport sources said they would fly out later on the Iraqi jet.

The latest flight brings the number of American women and children evacuated from Kuwait by U.S.-chartered Iraqi planes to more than 450. In addition hundreds of Britons have left Kuwait and Iraq since President Saddam Hussein ordered the release of Western women and children 12 days ago.

About 300 Americans flew home on Saturday from Amman, Jordan, the main transit point for foreigners leaving Iraq and Kuwait. They were evacuated through Baghdad on the first two U.S. mercy flights out of Kuwait since Iraq invaded on Aug. 2.

Iraqi authorities are holding hundreds of Western men at sensitive civil and military installations throughout Kuwait and Iraq to deter possible attacks by U.S.-led forces in the Gulf. Many hundreds more are reported to be in hiding.

U.S. Embassy sources in Baghdad said the embassy had not been given access to an American man shot and wounded in Kuwait City on Wednesday, apparently for violating a curfew. An Iraqi Information Ministry official has said the man is hospitalized in Kuwait and his wounds are not serious.

Some of the women and children waiting in an airport lounge in Baghdad before boarding the U.S. plane for home talked of their experience, many tormented with anxiety for the men they had left behind.

"It was the hardest decision in my life to leave my husband but he wanted the children to have an opportunity to survive," said one woman, who asked only to be identified as Claudia.

Holding one of her two-week-old twins, Claudia said she wanted to tell her husband in Kuwait they had escaped unharmed.

"There were no nurses; there were only two doctors in the hospital when I gave birth," she said. "I was frightened because I could hear bear explosions outside while I was in labor.

"The hospital was in very bad condition. It wasn't clean at all. They told me to leave within six hours of giving birth."

Claudia was heading to California with her sons, Michael and Aziz.

"I felt isolated from the outside world, especially at the end of my pregnancy," she said. "My husband didn't want me to see what was really happening there because it is not good for me.

"But I saw what the Iraqis did: They burned and stole everything — traffic lights, tires in cars, everything they could. In a few weeks there will be no people and no supplies."

Berta Peres said her Kuwaiti husband was also in hiding with some American friends. Asked by reporters where in Kuwait City he was staying, she refused to say and broke into tears.

"The situation there is very upsetting," she said, "very lonely."

Pari Mora, from Arizona, said American men were using forged identity papers to move around and escape Iraqi searches.

"You cannot show anything that says you are American," she said. "They will take you away; they will kill you."

"I moved all over the place to hide," she added, "because I lived in the most terrible area, Salwa, where Iraqis were searching as they knew lots of foreigners and Kuwaitis lived there."

She said her husband had persuaded her to leave for Arizona with their baby. But she added, "Kuwait was my home and I want to go back."

"There was shooting every night," she said. "I could hear them storming places. I saw one body in my neighborhood. They were looting, destroying and burning the city. Everything is destroyed."

Jimmy Hawkins from Texas said he had escaped from Kuwait disguised as a deaf mute Arab wearing sunglasses, a long robe and headdress.

Mr. Hawkins said he had to sell his car at a cut price in the southern port of Basra to the local police chief, who was so pleased he allowed him to sleep on the police station roof.

"It was ideal," Mr. Hawkins said. "All the Iraqis looking for Americans and he let us sleep on the roof of the police station, right under their noses."

The engineer from Dallas said he then walked 10 kilometers (six miles) across the desert to Jordan on Friday after being turned back at the Iraqi border as his forged papers were inadequate to leave.

(Reuters, AP)

WORLD BRIEFS

Iran Paper Reaffirms Rushdie Edict

NICOSIA (Reuters) — A Tehran daily said Sunday that the edict issued by the late Ayatollah Ruhollah Khomeini calling for the killing of Salman Rushdie, the British author who remains in hiding, would definitely be carried out.

The newspaper, Abrar, was reacting to remarks Friday by the British foreign secretary, Douglas Hurd, that the death order was one of three problems Tehran and London had to resolve before relations could be normalized. Referring to the order, the daily said, "Its implementation is indisputable."

The edict was issued in February 1989 after the publication of Mr. Rushdie's novel, "The Satanic Verses," seen by many Muslims as blaspheming Islam. Iran indicated last month that it was ready to resume ties with Britain, which were broken in March 1989 over the Rushdie controversy.

Post in Mongolia Goes to Opposition

BEIJING (AFP) — An opposition leader, Radnzsumberlyn Gonchigdorzh, has been appointed vice president of Mongolia, six months after opposition parties were legalized in the country, an official source in Ulan Bator said.

The selection of Mr. Gonchigdorzh, leader of the Mongolian Social Democratic Party, reflects the new spirit of change in the country since the communist Mongolian People's Revolutionary Party came to power in July in the first multiparty elections after 69 years of socialist dictatorship.

The People's Great Hural, Mongolia's parliament, also elected him Saturday as the president of the People's Little Hural, which is responsible for appointing the prime minister and the government. Although the breakdown of votes was not immediately announced, it was clear that members of the governing party, holding 357 of the 425 seats, had demonstrated their commitment to change by offering the position to the opposition.

Thatcher: Why Not 5 More Years?

LONDON (AP) — Prime Minister Margaret Thatcher said Sunday that she may stay in office five more years and would not rule out being prime minister at the age of 70.

Mrs. Thatcher, who will be 65 next month, said, "I am not immortal, but I've got a lot left in me yet." Interviewed on a television program, she added, "Some people started their administration at the age of 70."

Still, she told the interviewer, "I am not going to give you the chance to say that she is going to go on and on and on." Mrs. Thatcher, who became prime minister in 1979, said she wanted to lead the Conservative Party into the next election, which must be called in 1991 or 1992.

Romania Miners and Dissidents Meet

BRASOV, Romania (AP) — A meeting that included anti-government activists and pro-government miners who terrorized Bucharest in June ended on Sunday in reconciliation, highlighted by the embrace of a key critic of President Ion Iliescu and a loyalist miner.

The gesture came at the end of a three-day conference called to discuss the problems of Romania following the December revolution that led to the overthrow of Nicolae Ceausescu, the Communist dictator, and to free elections on May 20. Among the topics were the mass emigration from Romania, which was attributed to the chaos left by the inefficient command economy, and what was wrong with the work ethic in post-revolutionary Romania.

Among those present was a student leader, Marian Munteanu, who was clubbed June 14 by pro-government miners from the Jiu Valley who answered a call by Mr. Iliescu to help put down anti-government violence. On Friday, the miners promised to try to establish who was responsible for that violence. Mr. Munteanu, who earlier had identified one of the miners as being among his attackers, tearfully embraced another pit worker.

24 Killed in South African Violence

JOHANNESBURG (Reuters) — Twenty-four people died in weekend violence in South Africa, including 10 blacks killed when 100 attackers, among them whites with blackened faces, rampaged through a settlement in Soweto.

The Soweto victims were found shot, stabbed or hacked to death after the attack, a police spokesman said. Four people were stabbed to death when their vehicle was ambushed in Vosloorus township east of Johannesburg.

The Soweto killings will fuel charges by the African National Congress that white rightists are joining with the Zulu-based Inkatha movement to encourage the violence in an attempt to derail talks between the ANC and the government.

TRAVEL UPDATE

British Airways Seeks Interflug Stake

BONN (AFP) — British Airways wants to take a 49 percent stake in Interflug, the East German airline, Der Spiegel reported in its current edition.

The newsmagazine said that the British company had contacted the holding company in East Berlin that is managing the privatization of 8,000 government-owned companies, including Interflug. British Airways said it would be prepared to share Interflug's capital with a third partner, which would be responsible for traffic between Berlin and other German cities.

In May, the West German national carrier, Lufthansa, said it would acquire 26 percent of Interflug's capital. But its plans to double that stake were blocked by the West German government.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Belize, Bulgaria.
TUESDAY: Chile, Ethiopia, Pakistan, Spain.
WEDNESDAY: Ethiopia, Guinea-Bissau.
FRIDAY: Guatemala, Nicaragua.
SATURDAY: Costa Rica, El Salvador, Guatemala, Honduras, Japan, Macao, Mexico, Taiwan.
SUNDAY: Mexico, Papua New Guinea.

Source: J.P. Morgan, Reuters.

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	19	66	12	54	cl
Athens	31	88	22	72	fr
Barcelona	24	75	19	66	
Belgrade	22	72	8	46	fr
Berlin	17	63	12	54	r
Brussels	19	66	9	48	cl
Budapest	21	70	10	50	sh
Copenhagen	20	68	11	52	sh
Costa Del Sol	28	82	22	72	cl
Dublin	20	68	8	46	cl
Edinburgh	19	66	8	46	cl
Faro	26	79	16	61	fr
Florence	27	81	11	52	fr
Frankfurt	18	64	9	48	c
Geneva	19	66	6	43	r
Helsinki	15	59	9	48	
Las Palmas	27	81	20	68	cl
Lisbon	26	79	14	61	cl
London	20	68	8	46	cl
Luxembourg	17	63	4	43	cl
Madrid	26	79	16	61	c
Milan	24	75	12	54	cl
Moscow	20	68	4	43	fr
Munich	16	61	4	43	c
Nice	26	79	18	64	cl
Oslo	18	64	12	54	sh
Paris	21	70	11	52	fr
Prague	16	61	9	48	r
Reykjavik	14	57	8	46	r
Rome	27	81	16	61	c
Stockholm	14	57	8	46	c
Strasbourg	19	66	7	46	c
Venice	22	72	13	55	cl
Vienna	18	64	12	54	sh
Warsaw	14	57	9	48	sh
Zurich	17	63	7	45	cl
MIDDLE EAST					
Cairo	—	—	—	—	—
Istanbul	27	81	18	64	fr
Manama	—	—	—	—	—
Riyadh	43	109	27	81	fr
Tel Aviv	29	84	21	70	cl
OCEANIA					
Auckland	—	—	—	—	—
Sydney	10	50	9	48	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	31	88	24	75	sh
Beijing	25	77	17	63	fr
Hong Kong	30	86	27	81	sh
Manila	31	88	24	75	r
New Delhi	32	90	25	77	cl
Seoul	27	81	21	70	r
Shanghai	29	84	23	73	sh
Singapore	32	90	25	77	r
Taipei	30	86	26	79	r
Tokyo	26	79	21	70	r
AFRICA					
Algiers	37	99	22	72	cl
Cape Town	18	64	3	38	fr
Casablanca	25	77	18	64	fr
Harare	25	77	14	57	fr
Lagos	28	82	23	73	c
Nairobi	25	77	11	52	cl
Tunis	33	91	20	68	cl
LATIN AMERICA					
Buenos Aires	21	70	11	52	cl
Lima	21	70	13	55	c
Mexico City	24	79	13	55	sh
Rio de Janeiro	—	—	—	—	—
NORTH AMERICA					
Anchorage	18	64	9	48	pc
Atlanta	34	93	22	72	pc
Boston	22	72	14	57	pc
Chicago	28	82	17	63	pc
Denver	32	90	15	59	pc
Detroit	28	82	17	63	pc
Honolulu	31	88	24	75	pc
Houston	37	99	23	73	pc
Los Angeles	32	90	19	66	pc
Miami	33	91	25	77	pc
Minneapolis	27	81	14	57	pc
Montreal	21	70	13	55	pc
Nassau	30	86	23	73	pc
New York	24	75	16	61	pc
Phoenix	44	111	30	86	pc
San Francisco	26	77	14	57	pc
Seattle	24	75	12	54	pc
Toronto	24	75	15	59	pc
Washington	24	75	18	68	pc

cl-cloudy; fa-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. **FRANKFURT:** Cloudy. Temp. 17—7 (63—45). **LONDON:** Fair. Temp. 22—8 (72—46). **MADRID:** Overcast. Temp. 30—15 (86—59). **NEW YORK:** Partly cloudy. Temp. 24—18 (75—64). **PARIS:** Fair. Temp. 23—12 (73—54). **ROME:** Partly cloudy. Temp. 27—15 (81—59). **TEL AVIV:** Not Available. **ZURICH:** Partly cloudy. Temp. 23—5 (73—41). **BANGKOK:** Showers. Temp. 33—25 (91—77). **HONG KONG:** Not Available. **MANILA:** Fair. Temp. 32—24 (90—75). **SEOUL:** Fair. Temp. 24—21 (75—70). **SINGAPORE:** Fair. Temp. 29—25 (86—77). **TOKYO:** Cloudy. Temp. 28—22 (82—73).

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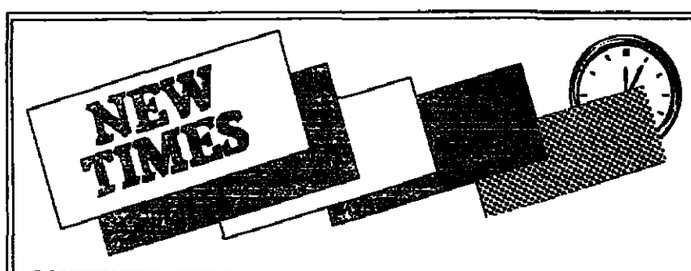
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Art Wilkins/Reuters

THERE SHE IS . . . — Miss Illinois, Marjorie Judith Vincent, 25, a pianist of Haitian descent who wants to practice law, was chosen as Miss America 1991 early Sunday in Atlantic City, New Jersey. She was serenaded by Bert Parks, who returned to the pageant after a 10-year absence.

AMERICAN TOPICS

After-School Snacks: No Time to be Purists

Health experts say that parents' insistence on fruit or carrot sticks as after-school snacks can be counterproductive because these do not satisfy the kids, The New York Times reports. The experts suggest a couple of cookies and a glass of milk instead.

"Any parent can attest to the fact that young children will choose sugary, high-fat or salty foods over nutritious foods," the report says. "But not all nutritionists believe that after-school snacks must be worthy of the health-food hall of fame."

Ellen Satter, a Madison, Wisconsin, dietician and author of books on nutrition, says some parents "get on a health kick and food gets so puritanical that it just isn't appealing." She says that fresh fruit, though healthful, does not make a satisfying snack for most children. An oatmeal cookie or a chocolate chip cookie with a glass of low-fat milk is more satisfying. "Parents forget that kids need pleasure with food," she says.

But limiting portions is important. While snacking on one or two cookies is fine, six or seven may be too many. The same is true for foods like potato chips. Children are less likely to overindulge if given small individual bags of chips than if given free access to huge family-size bags.

About People

Frank Sinatra has signed an exclusive three-year contract with the Sands Hotel and Casino in Atlantic City, New Jersey, the casino has announced. It was in the Las Vegas Sands that the singer, now 74, gave his first casino showroom performance in 1953.

John V. Lindsay had his troubles as mayor of New York from 1965 to 1973, notably from prolonged strikes by city workers and failure to get the snow cleared for days after a memorable blizzard in 1969. He called his job the second-toughest in America. Now 68, practicing law and serving as chairman of Lincoln Center, he says being mayor — the current occupant is David L. Dinkins — is even tougher today. "The city has changed," he says. "We had money then; I could not have run this city without the federal government." And the city then had "no drugs, no homelessness, no AIDS."

Short Takes

California is expected to levy an earthquake tax to protect homeowners. A bill to that effect has been passed by the state legislature and is expected to be signed by Governor George Deukmejian. Householders would pay an average of $36 a year for coverage of up to $27,000 for any dwelling damaged in an earthquake. Most private quake insurance policies include a deductible equal to 10 percent of the value of the house. The bill is designed to fill that gap.

New York's Bleecker Street Cinema, which pioneered in the showing of foreign films and revivals, has folded because of high rent. A Greenwich Village landmark for 30 years, its rent recently was raised 75 percent to $275,000 a year. High real estate prices have driven other Manhattan revival houses — the Thalia, the Regency and the New Yorker — into oblivion.

The railroads have re-invented the wheel with a model that is said to last longer and cause fewer derailments, The Washington Post reports. The plate — that part of the wheel fanning out from the hub to the rib, will be curved instead of flat, giving more flexibility and less likelihood of damage from overheating when braked. The tread — that part that rides on the rail — once was made straight but always wore down to a curve. Now it is being made with a curve to begin with. The changes are expected to save the railroad industry $700 million over the next 15 years.

Arthur Higbee

Congress Returns To Daunting Task

Gulf Crisis Complicates Major Bills From Budget to the Environment

By John E. Yang and Helen Dewar
Washington Post Service

WASHINGTON — As members of Congress get back to business in earnest Monday, they face major legislation dealing with the environment, civil rights, child care and campaign financing.

They must also deal with their most basic task, determining the nation's budget for the coming fiscal year.

How they handle these issues in the coming weeks, which mark the end of the two-year 101st Congress, will go far in determining how the session is remembered.

The packed agenda makes it unlikely that Congress will meet its adjournment target of Oct. 5 and raises the possibility that lawmakers may have to return to Washington after the November elections for the first time in eight years.

Congressional leaders discourage speculation about a lame-duck session, lest it become a self-fulfilling prophecy.

"Everything will be done when everyone believes it's the last week," a House Democratic leadership aide said. "The trick is convincing them it really is the last week."

The legislators' work is complicated by the crisis in the Gulf, which arose Aug. 2, the day before they left for a monthlong recess.

Lawmakers have been holding town meetings, eating civic club lunches and touring the region to assess the crisis. The Gulf turmoil has become entangled in issues ranging from the budget to environmental and energy policy.

The cost of the huge U.S. military presence in the region, estimated at $11.3 billion for the coming fiscal year, has made some members of Congress reluctant to make deep cuts in military spending.

The House is scheduled to begin consideration of the Pentagon budget bill this week. Before Iraq invaded Kuwait, the Senate and House appeared to be on a collision course in their two versions of the military spending plan.

The $289 billion outline approved by the Senate before the August recess would cut President George Bush's spending request by $18 billion, giving the administration the two additional B-2 radar-evading Stealth bombers it requested but restructuring the space-based Strategic Defense Initiative, cutting the military by 100,000 personnel and scaling back plans for mobile ballistic missiles.

The bill awaiting action in the House would cut military spending by $24 billion, end production of the B-2, slash spending for the SDI, shelve mobile missiles and cut troop strength by 29,500 more than the Senate bill.

Besides the fiscal issues, the Gulf situation could affect environmental and energy legislation.

Business interests have already begun sniping at clean-air legislation, now in a House-Senate conference committee, arguing that this is not the time for costly new regulations.

Most of the difficult issues, including controls on air pollutants and acid rain, remain at issue, raising concern among some lawmakers that time may run out unless the conference committee picks up its pace.

During the August break Mr. Bush signed legislation aimed at preventing oil spills and punishing spillers, but a House-passed bill to create a Department of Environmental Protection has stalled in the Senate.

Among the high-priority domestic issues is Mr. Bush's nomination of Judge David H. Souter to the Supreme Court. The Senate Judiciary Committee is scheduled to begin hearings Thursday; the Senate is likely to vote on the nomination this fall.

Lawmakers are faced with a wide range of other issues, including legislation to overturn or modify six recent Supreme Court decisions that limited the impact of federal laws prohibiting job discrimination. The House and Senate passed different versions of the bill over protests from the White House that the legislation could lead to racial and other quotas in hiring and promotion of workers.

Although threatening a veto unless the bill is changed to his satisfaction, Mr. Bush has said that he wants to sign the measure and is expected to push in conference for revisions that the Democrats have been reluctant to make.

Another showdown with the White House is likely over child-care legislation. Differing House and Senate bills to provide federal assistance to families in finding and financing child-care services are before a conference committee.

The administration objects to the conference bill's cost and some of its programs, including day care in schools. Mr. Bush previously vetoed a bill to give workers unpaid leave to care for newborn children and sick relatives.

Lawmakers are also geared up for their customary election-year drive to appear tough on crime.

The House is scheduled to act soon on its version of crime legislation that was approved by the Senate in July. Both bills would expand the number of federal crimes for which the death penalty can be imposed, although the Senate lists 34 crimes and the House 10.

Unlike the Senate, the House would allow death-row inmates to challenge their sentences if they could prove that race was a factor in sentencing. The Senate bill includes a limited ban on semiautomatic assault weapons.

Separate committee-approved bills are pending in the House to restrict assault weapons and impose a seven-day waiting period for the purchase of handguns.

Anxious to take a tough stand on the savings and loan scandal before going home to face angry voters over the August recess, the House and Senate whipped through legislation strengthening enforcement efforts and imposing stiff new penalties for bank and thrift industry fraud. As the lawmakers come back, they will deal with regulators' needs for tens of billions of dollars more to keep the bailout operation from running out of money by the end of the year.

Also pending is a matter directly affecting the lawmakers: campaign financing.

The House and Senate passed significantly different bills to overhaul laws governing the financing of congressional campaigns.

Both versions would create voluntary spending limits with incentives for candidates to comply. But the House bill leans more toward incumbents and would continue to allow scaled-back contributions from political action committees. The Senate would outlaw such contributions.

Mr. Bush has said that he will veto any bill with spending limits, and a difficult conference is expected.

The Senate version of campaign finance legislation includes a ban on honoraria for senators, scheduled to take effect when an already approved ban on speaking fees for House members starts Jan. 1.

Also awaiting final action is a five-year farm bill. The House and Senate passed differing versions, setting the stage for a major struggle with the administration.

NASA: *Decline of Agency Puts Its Agenda in Doubt*

(Continued from page 1)

experts that reviews agency policy.

"They've gotten more cautious," he said. "People have adopted a way of laying back. Bureaucratic lethargy has set in."

Robert A. Frosch, NASA's administrator in the late 1970s and now head of General Motors Research Laboratories, said, "There used to be a certain feeling of eliteness about the senior technical people in NASA. But it's been eroded."

Experts who see a decline attribute it in large part to repeated cycles of faulty planning over the past two decades. These start when the agency exaggerates the promise and minimizes the cost of formidable projects and then is forced by the executive branch, Congress and its own pronouncements to do them as cheaply as possible.

In this atmosphere, plans are compromised, flawed designs go uncorrected and important tests are skipped. So, too, projects lack adequate oversight, as personnel ceilings limit the number of NASA civil servants able to oversee contractors.

NASA still marks some successes. For example, its Voyager spacecraft sailed almost flawlessly past Neptune last year, beaming vivid images to Earth, even though the program was born in a time of unusually tight budgets.

But over all, the experts say, only changes and an increase in financing can return the agency to its glory and strengthen it for the ambitious goals of sending Americans to the moon and Mars, as President George Bush has promised to do.

Admiral Richard H. Truly, a former shuttle astronaut who now heads NASA, said the agency had a history of troubles with an aging work force, tight budgets and contract oversight, but he insisted that those problems were being remedied.

"Yes," he said, "NASA has had some problems. And, yes, we've been squeezed hard. And, yes, we're trying our best to do something about this, and I think we're succeeding."

He pointed to a recent influx of young workers and increases in the number of NASA employees to improve contractor oversight, although he said the agency was still short of its personnel goal by thousands of workers.

He said he saw no common denominator in the agency's recent troubles except bad luck. "Over a long period of time you're going to have mishaps," he said.

Samuel W. Keller, a 30-year veteran of NASA and its No. 3 official, said personnel problems were probably at the root of some of the technical woes. He cited the Hubble space telescope, which is nearly unusable due to a faulty mirror.

Its construction in the late 1970s and early 1980s, he said, was chronically hampered by a dearth of NASA employees to supervise contractors.

The current state of the space agency is often contrasted to its golden era — the Apollo program that culminated in two men landing on the moon in July 1969. It is widely viewed as a time when an elite corps of scientists and engineers electrified the nation by repeatedly doing the impossible. In all, a dozen astronauts landed on the moon.

Howard E. McCurdy, a space historian at American University, has charted what he calls "the decay of NASA's technical culture" in a study based on interviews with 50 Apollo engineers.

"NASA in the 1960s had this tremendous in-house technical capability," he said. "The people who ran the agency had tremendous experience. When they gave something to a contractor, they knew what was right. They were really in control."

Mr. McCurdy, whose work is financed by NASA's history office, said the agency eventually lost touch with many Apollo precepts, including the importance of testing, the need for hands-on activity and a commitment to the recruitment of exceptional people.

Many of the problems, he said, began when budgets and personnel were cut in half from Apollo levels, even as NASA tried to mount increasingly elaborate missions.

When approved in 1972, the shuttle was to fly up to 60 times a year and pay for itself by hauling commercial cargoes. That dream was probably unrealistic from the start.

But, in addition, the craft's real promise was repeatedly compromised by tight budgets. Designers had to use less expensive parts. Much testing was skipped. Warnings of danger were ignored.

For example, NASA engineers warned in 1977, 1978 and 1979 that joints of the shuttle's solid-fueled rocket boosters were seriously flawed. But the agency forged ahead without taking any corrective steps. Failure of the joint caused the 1986 Challenger explosion, which killed seven astronauts.

NASA is planning big projects that would cost at least $70 billion, not counting more than $100 billion to operate them. While several projects are under fire, the most troubled technically is the planned $37 billion space station, which is seen as riddled with design problems.

Experts said Mr. Bush's plans for the moon and Mars are wildly unrealistic given NASA's state. And Congress has lost so much confidence in NASA that money for even the first stage of the Mars initiative was recently cut from the agency's budget.

Some private experts would break off parts of NASA's empire, setting up the shuttle as a commercial operation, for example, so the agency could focus on its original charter to pursue research and development.

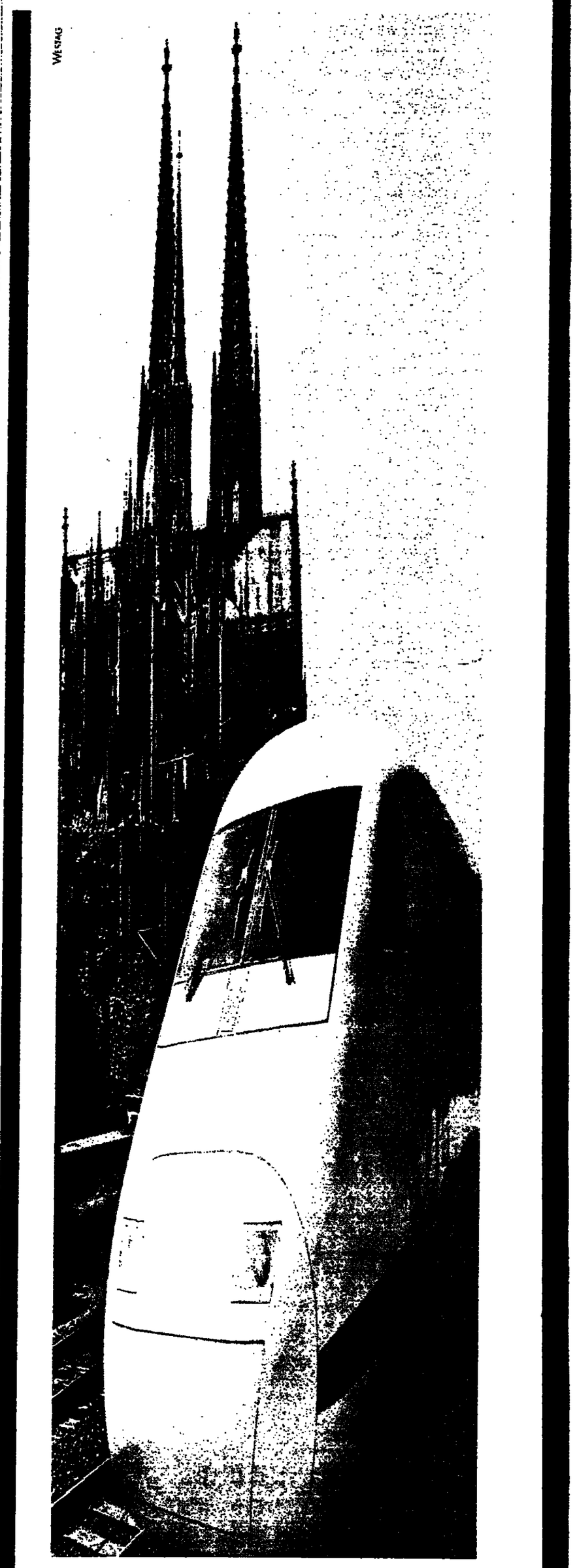
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COLOGNE GERMANY

Communists' Pollution 'Plan'

Dumping by East German Plant Called Deliberate Ploy

By Marlise Simons
New York Times Service

BITTERFELD, East Germany — Caked with coal dust, Bitterfeld has grown used to foul air and to the knowledge that it is slowly being strangled by a huge chemical complex here, the largest in East Germany and one of the biggest in Eastern Europe.

Its workers, about 20,000 of them, know that the fumes from the complex on the edge of town often make them and their families ill. The farmers have seen the soiling of the rivers and land.

And the mess, like most wrongs here, was once attributed simply to years of Communist ineptitude and sloppiness.

But now, senior officials at the complex — which produces basic chemicals, aluminum, pesticides, dyes, plastics and hundreds of other products — are saying the region was poisoned willfully in a project to raise money for the state.

In the decade before the Communist government's overthrow last year, the officials said, the authorities extracted hundreds of millions of dollars from the complex through "fines" for dumping all its highly dangerous residues into the nearby creeks and rivers.

The assessments were little more than a thinly veiled form of exploitation under the byzantine methods of Communist bookkeeping because, the officials said, whenever plant managers asked for money to build anti-pollution devices, they were overruled.

The charges of the plant officials have gained support from East Germany's new non-Communist government.

"The State Planning Commission milked the chemical industry like a cow," said Fritz Cotta, a longtime executive. "They wanted the money. They preferred the funds to spend them on other things."

Mr. Cotta, who is now in charge of closing the industry's most polluting branches, added: "We said we needed treatment plants. The fines could have paid four times for those treatment plants."

The assertions of Mr. Cotta and other experts at Bitterfeld suggest that Communist leaders were far more callous and cynical about the health of thousands of workers and their habitat than East Germans knew.

While declaring environmental statistics a state secret, Communist officials had preached concern about the environment or had blamed the West for holding back anti-pollution technology.

Some environmentalists now contend that the responsible officials should be criminally charged.

"A lot of crimes have been committed in this country, and not only by the secret police," said Gerhard Behrend, East Germany's new undersecretary for the environment.

Mr. Behrend, who was a research chemist until last year, said in an interview in East Berlin that he had learned of the astronomical and wasteful fines forced on the chemical industries.

Efforts to reach former members of the State Planning Commission for a response to the charges were unsuccessful.

The Bitterfeld Chemical Combine, which consists of 80 separate factories supplying the domestic market and other East European countries, generated at least 4 percent of the state's income, said Eberhard Grahn, the official long in charge developing new technology at the plant.

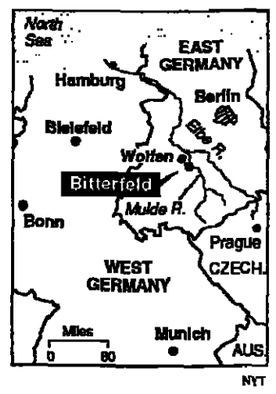
He said the Industry Ministry and the planners in East Berlin were regularly informed of the industries' lethal emissions and of ways to remedy them.

Among the smokestacks, blistered tanks and rutted roads of Bitterfeld's chemical works, neglect is blatant even to an uninitiated eye. The air stings, and the water in brooks and rivers has turned to syrup.

As Mr. Cotta and Mr. Grahn tell it, the Bitterfeld Chemical Combine for years has poured an average of 200,000 cubic meters (7,000,000 cubic feet) of untreated waste water a day into creeks and the Mulde River.

More than half the waste contained heavy metals like mercury, cadmium and lead, untreated acids and other highly toxic compounds. The stew is carried by the Mulde to the Elbe River, and to Hamburg and the North Sea.

West Germany, which will complete unification with the East next month, says billions of Deutsche marks will be needed to clean up the East's industrial zones and the waterways they have polluted.



NYT

Mandela Arrives in Zaire

Reuters

KINSHASA, Zaire — Nelson Mandela, deputy president of the African National Congress, has arrived in Zaire for his first meeting with President Mobutu Sese Seko, the Zaire radio reported Sunday.

Bonn Expects Delay on Full Sovereignty

Reuters

BERLIN — West Germany acknowledged for the first time this weekend that Germany would not immediately gain sovereignty when reunification takes place Oct. 3.

And in unusually blunt remarks, Foreign Minister Hans-Dietrich Genscher also said negotiations with Moscow on financing the withdrawal of Soviet troops from East Germany were in fact about "the price of German unity."

Mr. Genscher told the Berliner Morgenpost that sovereignty would come a few months after reunification when Germany and the four World War II Allies ratified an accord, known as the Two-plus-Four agreement, on the international status of the new state. In a preliminary step, the accord is to be signed in Moscow on Wednesday.

Bonn and the Western Allies — the United States, Britain and France — had pressed for Allied rights in Berlin to be suspended from Oct. 3. But the Soviet Union said this was legally impossible.

Mr. Genscher said the Kremlin was seeking more than 10 billion Deutsch marks ($6.4 billion) for the repatriation of its 350,000 or so troops from East Germany by the end of 1994.

"It's a question of a two-figure sum," he said, referring to millions of marks. "In practice, it is a question of the price of German unification."

The news magazine Der Spiegel reported that Moscow was demanding 18 billion DM while Bonn had so far offered 7 billion DM. Der Spiegel quoted a Bonn official as saying, "We'll probably split the difference."

Chancellor Helmut Kohl said Sunday that he would telephone President Mikhail A. Gorbachev this week to try to resolve the issue.

"We both have the same interests: withdrawal of the troops but also reasonable help toward providing accommodation for these soldiers," he said.

Mr. Genscher said he believed that the issue of whether nuclear weapons could be deployed on former East German soil would be resolved.

Soviet negotiators last week demanded a binding commitment in the Two-plus-Four document to keep eastern Germany free of atomic weapons and nuclear-capable artillery. The Western Allies rejected this as an infringement of German sovereignty.

Western diplomats said they still hoped that the Soviet Union would join the Western Allies in stating that they would not exercise their rights after Oct. 3.

A reunified Germany will be a full member of the North Atlantic Treaty Organization, but Mr. Kohl has pledged that it will not produce, possess or use nuclear, chemical or biological weapons or station Allied troops in eastern Germany as long as Soviet troops are there.

Mr. Genscher indicated that he was not overly concerned about the timing for full German sovereignty.

"This is not a central issue," he said. "Our aim was always that a united Germany should not start with open questions."

Mr. Genscher said he would initial a treaty on future German-Soviet cooperation during his visit to Moscow to sign the Two-plus-Four accord.

'Union of Sovereign Soviet Republics?'

By David Remnick
Washington Post Service

MOSCOW — A parliamentary leader here said Sunday that the Soviet Union might drop the word "Socialist" from its official name, a change that would underscore the country's profound political and economic changes in recent months.

Rafik Nishanov, one of the leaders of the Supreme Soviet and one of the Kremlin's representatives in negotiations with republics demanding independence, told Radio Moscow that the Union of Soviet Socialist Republics may instead become the Union of Sovereign Soviet Republics.

Such a change would be a historic admission both of the actual sovereignty of the 15 constituent republics and of the failure of the term "socialism" to describe adequately the sort of free-market measures that have won wide support across the country and in the Kremlin.

Mr. Nishanov said another variation might be the Union of Socialist Sovereign Republics. He said that in any case the name of the country would change as part of a new treaty of the union, a document that would redefine the economic and political interrelations among the republics and Moscow.

The Armenian legislature, in a declaration of independence passed last month, dropped both the words "Soviet" and "Socialist" from its official title and said it was now to be known simply as the Republic of Armenia.

The leader of the Russian Republic, Boris N. Yeltsin, who quit the Communist Party in July, has said that the republic will also drop the word "Socialist" from its title. A draft of the republic's new constitution does not mention socialism in any form.

Mr. Yeltsin, however, has expressed doubts that there will be a new treaty of the union any time soon. He said that there were 13 drafts under discussion, many of which differ radically.

Some drafts call for separate banking systems and armies. Most, however, see Moscow's future role as the seat of power for foreign policy, defense and some economic functions, such as transport and communications.

The changing of the names of the republics, and possibly the union itself, is part of a pattern of changing symbols in a country that once thrived on its icons, ideology and mythologies. Symbols of the Marxist-Leninist past have been disappearing steadily almost from the start of Mikhail S. Gorbachev's rise to power in 1985.

For a few years, Moscow has been nearly bare of all the old propaganda signs. A billboard reading "We are building communism" near the Dobryninskaya metro station is beginning to look as out of place here as an Egyptian tomb.

Across the country now, people have taken to tearing down statues of Lenin. It is not uncommon now to walk into the office of a Soviet official and discover that the traditional portrait of Lenin has been replaced by a seascape.

Earlier this year, President Vaclav Havel of Czechoslovakia proposed that "Socialist" be dropped from the official name of his country. Both Poland and Hungary have already dropped the word "People" from their official names.

ACROSS

1 Complex network
4 Makes a choice
8 Vipers
12 —— de la Cité
13 Approximately
15 Hammer
16 Pheasants' kin
18 Regarding
19 Hire
20 Endorsed a proposal
22 Noel
24 Explode
25 Leisurely pace
28 Hades's river
32 "... as I say, not as ——"
35 Farm sight
36 Clergyman Increase ——
37 Kind of cushion
38 Winged woodland dwellers
41 Curve segment
42 Tatum and Ryan
43 Exhort
44 Blabber
45 Handbag
46 Adjust a clock
47 Stinger
49 Baths
51 Most uncanny
56 Trash
60 Romanian dance
61 Feathered fish-eaters
63 Remnants
64 Kin of guilds
65 Year in the reign of Pius I
66 To be, to Cato
67 —— after (resembled)
68 Drill sergeant's call

DOWN

1 —— out (obliterate)
2 Pizazz
3 Arctic sight
4 Bay window
5 School of whales
6 Harbor sight
7 Defunct dagger
8 Kind of acid
9 Cousins of plovers
10 Undiluted
11 Luge or pung
13 Bicker
14 Mil. award
17 Actress Laurette
21 Soap or horse follower
23 Click beetle
25 Evaluate
26 Units of length
27 Some have red wings
29 Kett and others
30 Ancient Greek philosopher
31 Biddies
33 Sad song
34 Assault
36 Preprandial reading
39 Ran effortlessly
40 Visitors
46 He portrayed the police chief in "Casablanca"
48 Use art gum
50 Political-platform part
51 Shout of joy
52 Millions of years
53 Flightless bird
54 —— packing (dismissed)
55 Small combo
57 Part of M.I.T.
58 A Gardner
59 Invitation abbr.
62 Sentimental drivel

Solution to Friday's Puzzle

A	B	E	D		T	O	R	T			S	K	I	T
B	A	L	E		S	L	A	I	N		H	I	L	O
C	A	L	L		H	A	I	K	U		A	N	E	W
	L	E	A	P	I	N	L	I	Z	A	R	D	S	
		W	A	R	D			Z	I	P				
V	I	V	A	N	T		B	U	L	L	S	E	Y	E
O	D	O	R	S		P	E	P	E	S		T	O	V
T	O	L	E		P	L	E	A	D		C	U	K	E
E	N	T		F	L	U	B	S		O	R	D	E	R
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L	P	N	S			P	O	D	S		D	E	N	Y

© New York Times, edited by Eugene Maleska.

8 Youths Are Indicted for Killing Tourist in N.Y. Subway

New York Times Service

NEW YORK — A grand jury has indicted eight youths on murder and robbery charges in the fatal stabbing of a Utah tourist, Brian Watkins, in a Manhattan subway station.

At a news conference Friday shortly after the indictments were returned in Criminal Court in Manhattan, District Attorney Robert M. Morgenthau disclosed that seven defendants had made incriminating videotaped statements and that detectives were continuing to search for two more suspects in the killing.

"I will not engage in any plea bargaining in this case," Mr. Morgenthau said, an indication that prosecutors feel the defendants' videotaped statements and accounts by the Watkins family and others have given them a strong case. If convicted of murder, the defendants face 35 years to life imprisonment.

Mr. Watkins, 22 years old, of Provo, Utah, was stabbed in the Seventh Avenue IND station at 53d Street on Sept. 2 when he came to the aid of his family who were being attacked and robbed, the police said. A gang of youths slashed open a pocket of Mr. Watkins's father, Sherman, and stole $200 that they used to go dancing at the nearby Roseland Ballroom, the police said.

"This crime has outraged every law-abiding New Yorker," Mr. Morgenthau said. "I can assure the Watkins family, and the people of New York, that it will be vigorously prosecuted."

Pandas Born in China Zoo

Reuters

BEIJING — Qing Qing, a giant panda, has given birth to male-female twins in a Chinese zoo, the People's Daily said.

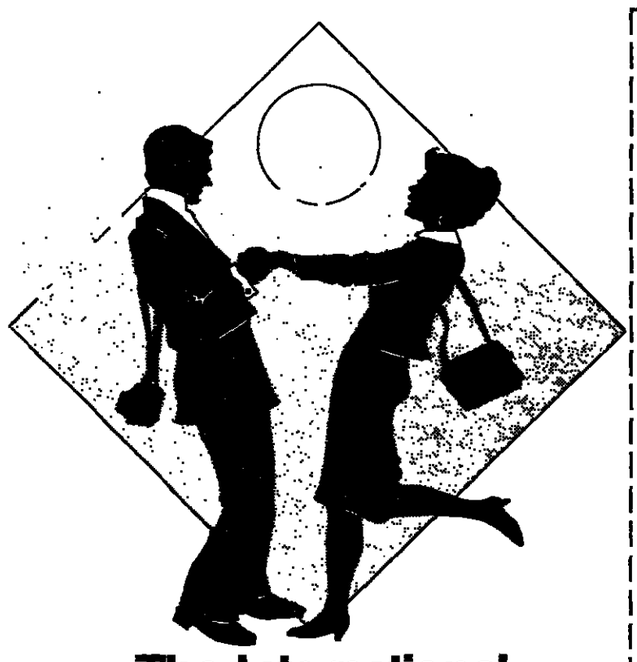
Hussein Foe Dies In Exile in U.K.

The Associated Press

LONDON — Salim Fakhri, an exiled opponent of President Saddam Hussein of Iraq, has died. He was 69.

Mr. Fakhri died after collapsing at a London hotel on Thursday. The police said he died of natural causes.

Mr. Fakhri was a retired Iraqi Army colonel and a leader of the Democratic Rescue Movement, which was aimed at establishing a democratic government in Baghdad.



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Francis Illouz/Agence France-Presse

Hun Sen, prime minister of Cambodia, in Jakarta on Sunday after accepting the UN "framework."

New Step to Cambodia Peace

By William Branigin
Washington Post Service

JAKARTA — Cambodia's four warring factions opened a new round of peace talks on Sunday and agreed to accept a plan worked out by the five permanent members of the UN Security Council as the framework for a solution to the country's 10-year-long conflict, participants said.

In the latest development in a U.S. policy shift toward Indochina, the U.S. ambassador to Indonesia, John Monjo, conferred Sunday with the prime minister of the Communist government in Phnom Penh, Hun Sen.

It was the first time that a U.S. administration official had met with Mr. Hun Sen, whose government the United States has long refused to recognize on grounds that it was a "puppet regime" installed by the 1978 Vietnamese invasion of Cambodia.

Secretary of State James A. Baker 3d announced last week that, following a similar opening toward Vietnam, Washington would start talks with the Hun Sen government on a Cambodian settlement.

Mr. Hun Sen called the half-hour meeting "very valuable" and said the U.S. ambassador had sought his views on the Security Council plan and the prospects for a solution in Cambodia. Mr. Monjo declined to comment on the meeting.

In a press briefing afterward, Mr. Hun Sen reiterated his acceptance of the UN plan as the "framework" for a settlement, but he dodged questions on whether he still had reservations about it.

Later, however, the Indonesian foreign minister, Ali Alatas, who is a co-chairman of the conference with a French representative, said that all four Cambodian factions had indicated they accepted the UN plan "as the basis for settling the conflict." He said Mr. Hun Sen had no reservations about the plan.

Mr. Alatas, who has been holding separate talks with each faction in an effort to hammer out an agreement, said the four would start discussions on Monday on the formation of a "Supreme National Council" as called for in the plan, which was issued last month by the United States, the Soviet Union, China, Britain and France.

According to Asian diplomats, talks between Vietnam and China also have been taking place behind the scenes here in an effort to cement an accord.

China, Vietnam's archenemy, has strongly supported the Khmer Rouge, the most powerful member of a three-party Cambodian resistance coalition, in an 11-year struggle against Vietnamese forces and their allies in Phnom Penh.

Vietnam was assisted in its war effort through most of the 1980s by the Soviet Union, but Moscow has been pressing for a settlement.

Given the big-power consensus on Cambodia, Mr. Alatas told the four factions in opening the talks on Sunday that "the circumstances for achieving a comprehensive settlement are unlikely ever again to be as favorable as they are now." He called on the four to "seize the unique opportunity" and put aside their "mutual mistrust and enmity."

"Anyone or any party seen to be blocking the path to peace will have to assume an awesome responsibility before history," Mr. Alatas warned.

Ad-Cutting VCR Draws Electronic Flak

By David E. Sanger
New York Times Service

TOKYO — At first, it seemed like a television viewer's dream: a $600 videocassette recorder that in the latest twist of Japanese electronic wizardry automatically edits out commercials when it tapes most movies broadcast on television.

Mitsubishi Electric Corp. started selling the machines here in April, and gadget-happy Japanese consumers snapped them up as a technological triumph over one of life's minor annoyances. No longer would the millions of Japanese aficionados of Western movies have to watch their tapes of "Casablanca" or "Roman Holiday," both favorites in Japan, with their fingers on the fast-forward button to skip over commercials.

But Japan's powerful broadcasters are striking back. Declaring that it had to protect its advertisers, Tokyo Broadcasting System, Japan's largest privately owned network, began a few weeks ago to mix its broadcast signals with some electronic chaff that confuses the new machines, making it impossible for them to tell the difference between "Gremlins" and Arnold Schwarzenegger's late-night instant noodle commercials.

For the time being, there is a standoff on the air, as Mitsubishi weighs whether it is more important to make viewers happy or to maintain harmony in the close-knit world of Japanese business.

Mitsubishi could refine its machine and provoke a technology race with broadcasters, or it could seek to whip up public sentiment against any network that tries to defeat its system. So far it has chosen not to fight.

"We know that a lot of people like the idea of a VCR that cuts out commercials," said Masahiro Suekuni, a spokesman for Mitsubishi Electric. "But we did not foresee that it would cause all this trouble."

So far, it seems extremely unlikely that similar technology will come to the United States or any other country soon.

The Mitsubishi system works because of a fluke in Japanese broadcasts that inadvertently signals the start of a commercial on some types of television programs, mostly movies from the West.

Television broadcasts in the United States and other countries do not include such a marker, and so far makers of VCRs have not developed a reliable method to detect the start and end of commercials in countries other than Japan.

Without the cooperation of broadcasters, electronics executives in Japan say, they are unlikely to develop such a system anytime soon.

New technology from Japanese companies has created controversy in the United States in the past. As ownership of videocassette recorders became widespread, their use for taping television shows and movies for viewing later led to a long legal battle with Hollywood studios.

That dispute ended with a victory for home tapers, in a 1984 U.S. Supreme Court decision that affirmed the right to videotape programs for personal use.

But the new line of videocassette recorders raises the opposite issue: the right not to tape, or at least not to tape commercials.

There is nothing broadcasters can do if home-taping enthusiasts are willing to sit in front of the television while recording a movie, turning the machine off when a commercial appears and back on when the movie resumes.

But in Japan, at least, they object to a machine that automatically does this editing, fearing that it will reduce the number of viewers who see commercials and thus cut into payments from advertisers.

"We have to consider our sponsors," said Akitsuna Furuya, the chief spokesman for Tokyo Broadcasting. "We think that everything should appear on tape just as we broadcast it."

Obviously, consumers feel differently.

In Japan, the new Mitsubishi machines sold briskly. The feature was introduced because sales of ordinary videotape recorders were declining 10 percent a year, and alarmed electronics makers are increasingly desperate to come up with features that will tempt consumers to replace their existing models.

When Mitsubishi conducted a survey of its customers, more than half said they used the fast-forward control to zip past commercials, and a quarter edited their tapes to cut commercials out.

Mitsubishi engineers came up with the commercial-zapping technology, called auto-cut, which was incorporated into machines that sell in the $600-to-$1,000 range.

From the start, Mitsubishi was a little wary of what it had created. Its advertisements for the new features were muted.

Mitsubishi's commercial-deleting technology is keyed to advanced features used widely in Japan to broadcast some types of programs in two languages.

Most televisions sold in Japan receive the audio signal in stereo. For many broadcasts — especially the evening news and movies made in Western countries — the stereo signal is split in two.

Rebels Set Terms for Manila Talks

Compiled by Our Staff From Dispatches

MANILA — Communist rebels in the National Democratic Front said Sunday that peace talks with the government were useless unless President Corazon C. Aquino set an agenda to solve the nation's problems.

The front issued the statement on the eve of a third round of talks in which government officials are exploring whether to offer a cease-fire and peace talks to end the 21-year insurgency.

"To talk about truce at this point without an agenda that addresses the fundamental roots of the national crisis is useless," the front said.

It listed the problems as American domination of the country, rural farmland redistribution, poverty and repression by the Manila government.

Mrs. Aquino has said she is considering a limited cease-fire in certain areas. The rebels say they want a nationwide truce.

In a separate development, Philippine troops on Sunday arrested four men who tried to steal a large cache of firearms from a military hospital armory in Manila as part of an alleged bid to mount a new coup, a senior official said.

(AP, AFP)

Distrust and Discord Fail to Still Optimism Of 2 Koreas on Unity

By Steven R. Weisman
New York Times Service

SEOUL — The last time that General Kim Kwang Jin of North Korea visited this city, he arrived in a tank. Last week, 40 years later, he said, "I have come to reunify the nation, not by a rifle or tank gun, but through dialogue."

Until now, this fortified corner of Asia has been like a wallflower at a dance, glumly left out of the post-Cold War spirit sweeping the world. In Europe they may be disarming, but a million and a half soldiers on the Korean Peninsula attest to the intractability of the confrontation here.

South Koreans thus seemed delighted at such comments by a smiling four-star general from Pyongyang and other signs that sworn enemies could waltz with each other, if only briefly.

But Koreans are known to take their grudges seriously, and indeed all was not sweetness in Seoul. The two sides' positions changed so little that they could not even agree to a joint statement ending two days of talks between their prime ministers, the highest-level contact since the Korean War.

On Friday morning, Prime Minister Yon Hyong Muk led his delegation back across the border crossing at Panmunjom, ending a four-day visit with a firm appeal for South Korea to reconsider its views before the next round of talks in Pyongyang on Oct. 16.

Suspicions repeatedly clouded the uneasy relationship. When a popular South Korean newscaster tried to get an interview with a reporter from Pyongyang on Wednesday, she forgot that the two countries' customs had evolved differently.

Tugging gently at the young reporter's arm to bring him before her camera, the South Korean newscaster was aghast when the North Korean reporter and his colleagues erupted with rage, accusing her of trying to seduce him. The North Koreans snatched the camera film, and scuffling broke out.

What everyone said all week seemed obvious — North and South Korea are not East and West Germany. Reconciliation may not come for a long time. Participants seemed both optimistic and discouraged by the task ahead, taking solace in the fact that differences were at least aired politely.

"When I see face to face that we all share the same culture, speak the same language and look like each other, and yet hate each other so much, it makes me sad," a senior South Korean official said.

In substance, the talks between prime ministers, both of them figureheads, did little to bridge the differences between the neighbors still officially at war.

But a few weeks ago many people doubted that the talks would ever start. Discussions between Pyongyang and Seoul seem to collapse at the last minute, often over such trivial matters as which hotel to use.

To the South Koreans, little gestures counted in their quest for legitimacy in the eyes of Pyongyang, which regards the government here in Seoul as a colony of the United States.

Delegates in Seoul noted that Mr. Yon of North Korea referred to his counterpart as "Mr. Chief Delegate," not as prime minister, but that on the final day of talks he spoke to President Roh Tae Woo as "Mr. President."

South Korea put up a few welcome signs in Seoul and offered to let the northern visitors see some of the capital's slums. But they picked for the discussions a distant hotel south of the Han River, requiring that the North Koreans travel through the city's prosperous center.

If the North Koreans were impressed, they did not say so. Most likely, South Koreans speculated, the visitors saw in Seoul's prosperity confirmation that it had sold out to the devil.

Many people applauded the visiting North Koreans as their motorcade sped by, and indeed some in South Korea say that despite their dislike of the Pyongyang government, one of the world's last Stalinist redoubts, they admired its system of self-reliance.

There was no greater heartbreak last week among people who wanted to be friends than the handful of South Koreans who came forward, convinced that some of the visiting delegates were long-lost relatives.

A 68-year-old woman wept as she told of her desire to get in touch with a North Korean official. "I can see from his face that he is surely my brother!" she said. But the official sent word out that the woman was mistaken, and he had no intention of seeing her.

EUROPE

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FACE-OFF IN THE GULF: In advance. Saddam Hussein told the superpowers that their summit talks wouldn't matter

Gorbachev Sums Up: 'We're on the Right Road'

The Associated Press

HELSINKI — Following are excerpts from the news conference given by President George Bush and President Mikhail S. Gorbachev after their summit meeting Sunday:

● Is there likely to be war in the Middle East?

Bush: I hope that we can achieve a peaceful solution, and the way to do that is to have Iraq comply with the United Nations resolutions. And I think that part of our joint statement, two short lines, said it most clearly: "Nothing short of the complete implementation of United Nations Security Council resolutions is acceptable." As soon as Saddam Hussein realizes that, then there certainly will be a peaceful resolution to this question.

Gorbachev: The whole of our seven hours of meeting today were devoted to the quest for a political resolution of that conflict. And I believe that we're on the right road.

● And if the crisis cannot be resolved peacefully?

Bush: The United States is determined to see these resolutions enforced, and I like to feel that they will be enforced and that that will result in a peaceful resolution.

● Is now an opportunity to solve the Palestinian problem through an international peace conference?

Bush: I see the implementation of the United Nations resolutions separate and apart from the need to solve the other question. ... Under certain circumstances the consideration of a conference of that nature would be acceptable — indeed, it's been a part of our policy from time to time. But the thing that I feel strongly about is that these issues are not linked. And any effort to link them is an effort to dilute the resolutions of the United Nations.

● How long will U.S. troops remain in the Gulf?

Bush: They will be present in the area until we are satisfied that the security needs of the area have been met, and that these resolutions have been complied with. And the sooner they are out of there, as far as I am concerned, the better. I made very clear to President Gorbachev, as I think he will confirm, that we have no intention keeping them a day longer than is required.

Gorbachev: That's a very important statement.

● Will the United States boost economic aid to the Soviet Union?

Bush: This remarkable cooperation that has been demonstrated by the Soviet Union at the United Nations gets me inclined to recommend as close cooperation in the economic field as possible, and I will be saying this to the Congress when I get back.

Gorbachev: I wouldn't want President Bush's reply to give rise to the opinion that the Soviet Union is going to align with a certain behavior. ... It would be very oversimplified and very superficial to judge that the Soviet Union could be bought for dollars.

● Will the Soviet Union remove its advisers from Iraq?

Gorbachev: They are not so much advisers as specialists or experts who are working under contract, and their number is being reduced. Whereas at the beginning of the conflict, I think there were still 196 of them; there are now some 150.

Bush: It would facilitate things if they were out of there in terms of total understanding. But I heard his answer, listened to it very, very carefully, and I must say that I would let it stand at that.

● Was there discussion of military options for curbing Iraqi aggression.

Bush: No. We did not discuss military options.

Gorbachev: The whole of our time together was spent on talking about this conflict in a mutual search for a political solution.

● But if Iraq does not withdraw, will not military action be necessary?

Gorbachev: I did not say that if Iraq does not withdraw peacefully, we're going to have recourse to military methods. I did not state that. I do not state that.

● Has the Soviet Union put pressure on its old ally, Saddam Hussein?

Gorbachev: We discussed various options for ending the situation with him and we are also attempting ... to make it quite clear to Saddam Hussein that if Iraq were to provoke military action, then the result would be a tragedy first and foremost for the Iraqi people themselves, for the whole of the region and for the whole of the world.

● Why are the leaders not equally as aggressive in pursuing UN Resolution 242 calling for Israeli withdrawal from the occupied territories?

Bush: We've been zealously trying to do that as have many other powers for many years. But the fact that that resolution hasn't been fulfilled when it calls for withdrawal to secure and recognized boundaries, and it should be, and hopefully we can be catalytic in seeing that happen, does not mean that you sit idly by in the face of a naked aggression against Kuwait.

Gorbachev: Everything that is taking place in the Middle East is a matter of concern to us, of equal concern.

● What specific steps were discussed to ensure compliance with the UN resolutions on Iraq?

Bush: We didn't agree to specific and concrete steps. ... We did not sit at this meeting and try to assign each other or ask each other to undertake specific measures in keeping with that particular paragraph.

Gorbachev: The meeting and the document that we've just adopted is more important than our enumerating various steps that might have been taken here.

● Given that the presidents are determined to see aggression end, what comes next?

Bush: It's too hypothetical. We want to see the message get through to Saddam Hussein. We want to see him do what the United Nations calls on him to do. And that statement can be interpreted any way you want to interpret it.

Gorbachev: I have the impression that both the press and public opinion in some countries is in some ways saying that there's a lack of decision on somebody's part, that we're withdrawing in the face of those who are trampling on international law. I cannot agree with that view.

● Was the Soviet Union asked to supply troops?

Bush: I did not ask him to send troops in. If the Soviets decided to do that at the invitation of the Saudis, that would be fine with us.



Gary Cameron/Reuters

Barbara Bush, left, Raisa Gorbachev, James Baker and Eduard Shevardnadze at the news conference in Helsinki.



Reuters

A television announcer in Baghdad reading a message to Mr. Bush and Mr. Gorbachev from President Saddam Hussein, accompanied by a photo of the Iraqi leader and an English translation.

Hussein Says He Won't Budge

Iraqi Tells Summit Leaders That Arabs Must Solve Crisis

By John F. Burns
New York Times Service

AMMAN, Jordan — President Saddam Hussein of Iraq has sent an open message to the U.S. and Soviet leaders reaffirming his intention to hold on to Kuwait and avowing that the crisis was one for the Arab nations, not the superpowers, to resolve.

The message to President George Bush and President Mikhail S. Gorbachev offered the mixture of blandishment and bluntness characteristic of similar communications from Mr. Hussein.

After telling Mr. Bush and Mr. Gorbachev "the angels will be hovering above you on one side and devils on the other" during their summit meeting, the Iraqi leader made it plain that whatever decisions were made in Helsinki would not change his determination to stick by Iraq's annexation of Kuwait.

"The attempts of those who want to restore the situation to what it was before the second of August 1990 are both impractical and futile," Mr. Hussein said.

Instead, he demanded that the crisis be settled along lines he put forward Aug. 12.

In essence, that proposal would have allowed Iraq to retain Kuwait and its oil fields while the crisis was left to the Arab nations to resolve, and it would also have tied the withdrawal of Iraqi troops from Kuwait to Israel's withdrawal from its occupied territories.

"Both of you will not be able to produce the right answer to an Arab issue, as can the Arabs," Mr. Hussein said.

But the message Saturday appeared to have been crafted as much with the intention of goading Mr. Gorbachev into rejecting the American hope for a tougher Soviet stand against Iraq.

Mr. Hussein, whose government signed a friendship treaty with the Kremlin in the 1970s and whose army fights mainly with Soviet weapons, said the Helsinki meeting would demonstrate to the world whether Moscow was finished as a superpower, or was prepared now to play a secondary role to the United States.

Mr. Gorbachev "should remember that doubts about the place of the Soviet Union as a superpower have gotten into the mind of every politician for some time, especially as the U.S. began to assume to be the sole power in the world and when it became arrogant with no one in sight to show it a more balanced course," Mr. Hussein said.

Mr. Hussein said Moscow should reaffirm its superpower status by breaking with the United States and other Western powers, and with the United Nations Security Council, in their demands for an immediate and unconditional Iraqi withdrawal from Kuwait.

Mr. Hussein, who has previously called Mr. Bush a liar and compared him to Hitler, adopted a somewhat softer line toward the American leader. He said Mr. Bush should abandon his effort to force Iraq from Kuwait for the sake of U.S. prestige.

"President Bush should not push down further the position and prestige of his country," he said, "because we are certain that his position will go down in the ladder of appreciation and influence if it were to slide into the abyss of war."

Text of Joint Statement by Gorbachev and Bush in Helsinki

The Associated Press

HELSINKI — Following is the text of the joint statement issued by President George Bush and President Mikhail S. Gorbachev at the close of their summit meeting Sunday:

We are united in the belief that Iraq's aggression must not be tolerated. No peaceful international order is possible if larger states can devour their smaller neighbors.

We reaffirm the joint statement of our foreign ministers of Aug. 3, 1990, and our support for United Nations Security Council Resolutions 660, 661, 662, 664 and 665.

Today, we once again call upon the government of Iraq to withdraw unconditionally from Kuwait, to allow the restoration of Kuwait's legitimate government and to free all hostages now held in Iraq and Kuwait.

Nothing short of the complete implementation of the United Nations Security Council resolutions is acceptable.

Nothing short of a return to the pre-Aug. 2 status of Kuwait can end Iraq's isolation.

We call upon the entire world community to adhere to the sanctions mandated by the United Nations, and we pledge to work, individually and in concert, to ensure full compliance with the sanctions. At the same time, the United States and the Soviet Union recognize that UN Security Council Resolution 661 permits, in humanitarian circumstances, the importation into Iraq and Kuwait of food. The Sanctions Committee will make recommendations to the Security Council on what would constitute humanitarian circumstances. The United States and the Soviet Union further agree that any such imports must be strictly monitored by the appropriate international agencies to ensure that food reaches only those for whom it is intended, with special priority being given to meeting the needs of children.

Our preference is to resolve the crisis peacefully, and we will be united against Iraq's aggression as long as the crisis exists. However, we are determined to see this aggression end, and if the current steps fail to end it, we are prepared to consider additional ones consistent with the UN Charter. We must demonstrate beyond any doubt that aggression cannot and will not pay.

As soon as the objectives mandated by the UN Security Council resolutions mentioned above have been achieved and we have demonstrated that aggression does not pay, the presidents direct their foreign ministers to work with countries in the region and outside it to develop regional security structures and measures to promote peace and stability. It is essential to work actively to resolve all remaining conflicts in the Middle East and Persian Gulf. Both sides will continue to consult each other and initiate measures to pursue these broader objectives at the proper time.

AZIZ: *Minister Seeks Iran's Help Against UN Embargo*

(Continued from page 1)

other Western countries leading the boycott of Baghdad, Tehran has condemned Iraq's annexation of Kuwait and refused to repudiate the Security Council's trade embargo. At the same time, it has criticized the U.S.-led military buildup in the Gulf region and expressed eagerness to take advantage of Iraq's willingness to mend relations with a formal end to the war.

Iranian opposition to Iraq's takeover in Kuwait was reiterated Saturday after a meeting of the National Security Council in Tehran under President Hashemi Rafsanjani. "The importance of a speedy return of peace and security to the region and unacceptability of any change in geopolitics, independence and territorial integrity of all countries of the region were discussed," an announcement said.

Heeding the appeal from Baghdad would be certain to undermine Mr. Rafsanjani's stop-and-start attempt to improve relations with the West. The Iranian leader has been described as eager to end his country's isolation and win Western help in postwar reconstruction.

The official Iranian radio announced in Tehran that Mr. Aziz and his Iranian counterpart, Ali Akbar Velayati, were discussing further implementation of the UN Security Council resolution underpinning their two-year-old ceasefire. But the Iraqi government had made it clear in Baghdad that Mr. Aziz also intended to present the case for cooperation on the trade embargo.

Mr. Hussein's government, seeking to pressure governments to ship food to Iraq in violation of the ban, has notified several countries that their nationals in Iraq as laborers will not be given food and cannot leave the country until Iraq receives food shipments from their homelands, according to diplomats in Baghdad.

These countries include India, Bangladesh and Pakistan, all of which have thousands of nationals in Iraq. The workers often come into Iraq on contracts that provide for lodging and food by the contracting Iraqi ministry.

India, in response to the Iraqi tactic, was refused last week in an approach to the UN Security Council for authorization to make a food shipment on humanitarian grounds. The Bangladesh Foreign Ministry announced Sunday that the Dhaka government also is "gravely concerned" over the fate of Bangladeshi workers in Iraq.

A ministry spokesman said in Dakha that about 15,000 Bangladeshi workers have been stranded in Iraq. The Bangladeshis' case is thought to be particularly sensitive because President Hussain Mohammed Ershad has agreed to dispatch a small contingent of soldiers to join the multinational forces that have been arrayed in Saudi Arabia against Iraq.

SUMMIT: *Warning to Baghdad*

(Continued from page 1)

summit discussions stressed that "these are ideas for the future; right now we're in a different phase: stepping up our cooperation now to get Saddam out of Kuwait."

In their press conference, both leaders repeatedly called on Mr. Hussein to retreat now, contending that Iraq's economic and political isolation, already deep, had been sealed tighter by the superpower unity that emerged at the summit meeting here.

The official Iraqi press agency, INA, denounced Mr. Bush's statements as "revealing evil tendencies and hatred for the Arab nation," Agence France-Presse reported from Nicosia.

A commentary from the agency's foreign affairs analyst said it appeared that the "evil spirits that inhabit Mr. Bush made him forget the tragedy of the Palestinian people, who are oppressed by the Zionist nightmare."

Mr. Hussein, in a defiant message to both leaders broadcast from Baghdad on the eve of the summit meeting, proclaimed that it was "futile" for them to seek the restoration of Kuwait's independence.

U.S. officials, asked whether Iraq was likely to relent as a result of a superpower summit meeting that announced no new concrete decisions, indicated that Mr. Hussein, a dictator with scant contact with the outside world in recent years, might have severely misjudged the direction of Soviet policy under Mr. Gorbachev and now would reconsider.

"I wouldn't say he's backing off, but he's reaching out, looking for ways out of the dilemma he's in," Brent Scowcroft, head of the U.S. National Security Council, said at a news conference.

The joint superpower statement offered no compromise on Kuwait: "Nothing short of the complete implementation of the United Nations Security Council resolutions is acceptable," it said. "Nothing short of a return to the pre-Aug. 2 status of Kuwait can end Iraq's isolation."

That joint goal, a U.S. official said, means that Mr. Gorbachev is irreversibly committed to "not making an East-West issue out of the crisis."

In exchange for this backing for the U.S.-led forces, with the risk of war breaking out eventually, Mr. Bush gave Mr. Gorbachev assurances that the United States "is not going to turn the Gulf into a big military camp" for U.S. forces liable to worry the Soviet military, the official said.

"But we're not going to demilitarize it either," the official said. Publicly, Mr. Bush said that U.S. forces would leave the Gulf when security was restored, and he did not amplify.

Both leaders declined to acknowledge that they had any significant differences.

On Soviet advisers in Iraq, Mr. Gorbachev said their number was declining, down from 196 to some 150, but he did not clarify the reasons why they had not all been withdrawn.

Syrians Report Blasts in Iraq

Reuters

NICOSIA — The official Syrian press agency, SANA, reported Sunday that there had been more than 40 explosions at a town on Iraq's western border with Syria and that mosques in the town had broadcast appeals for blood. But Iraq denied the report.

SANA said "Syrian citizens residing in border villages in the Abu Kamal region today heard 46 explosions coming from the Iraqi town Al Qaim."

"Minutes later, citizens living near the border heard mosque loudspeakers in Al Qaim urging Iraqi citizens to rush to donate blood to save the lives of the injured," the agency said.

The agency offered no explanation for the explosions.



Doug Mills/The Associated Press

KNOCKOUT JOKE: A framed Soviet cartoon showing the Cold War knocked out while both fighters triumph. Mr. Gorbachev presented the cartoon to Mr. Bush at the beginning of their talks.

HELSINKI: *The Pleasant Surprises at the Summit*

(Continued from page 1)

was all positive: relaxed, friendly and at times even playful.

"I don't know if I would be allowed to tell you a secret here," Mr. Gorbachev began in response to one question. "I haven't asked President Bush if he'll let me. But I must admit that I'm dying to take the risk and tell you."

As the audience of journalists and aides to the two leaders laughed, Mr. Bush turned toward Mr. Gorbachev, shifted in his chair and sat in mock anticipation.

At another moment, Mr. Bush was struggling with his earphones. Thinking the problem was with his microphone, he banged on it.

"It's not working," he said.

"Hit it again," Mr. Gorbachev said.

Asked whether the meeting had deepened their sense of mutual trust, they turned toward each another, each motioning cheerfully for the other to go first.

In response, Mr. Bush said he believed their relationship had steadily improved, citing the Malta summit meeting in December and their Washington summit meeting in June as the catalysts.

"Neither of us when we talk try to hide our differences," Mr. Bush said. "Neither of us try to indicate that we look at exactly every problem the same way. But the very fact we can talk with the degree of frankness without rancor, I think enhances mutual understanding."

The friendliness displayed in Helsinki represents a long step from the depiction of Mr. Gorbachev as a "drugstore cowboy," as the White House press secretary, Marlin Fitzwater, described him in the spring of 1989.

That was before Mr. Bush got to know the Soviet leader better. The more time they have spent together, the more Mr. Bush believes they can do business productively.

Mr. Gorbachev said: "History dictates that a lot is going to depend on whether the two countries can work together. That is not our ambition, it's just the way history has gone."

The summit meeting began on schedule Sunday morning, with

The public body language was all positive: relaxed, friendly and at times even playful.

Mr. Bush arriving first at the Presidential Palace, the official residence of the president of Finland, which sits on a public square at the edge of the Gulf of Finland. Mr. Gorbachev arrived precisely at 10 A.M.

A few minutes later, the formal arrival ceremony was held in the palace's Yellow Salon, an ornate room with polished parquet floors carrying the imprint of a Russian craftsman from 1872.

As aides carefully opened the tall, double doors to the balcony, Mr. Bush and Mr. Gorbachev entered from opposite ends of the room, the American president smiling broadly and asking, "How are you sir?"

Mr. Gorbachev greeted him warmly, then pulled out the cartoon for the president's approval.

As the photographers snapped, Mr. Bush said to Mr. Gorbachev, "Want to step outside."

They walked out onto the balcony, where Soviet, American and Finnish flags fluttered and bullet-proof glass offered protection, and waved to the crowd in the square.

Back inside, they posed and reposed for the cameras, turning one way, then the other.

The morning meeting ran more than 2½ hours, with the two leaders meeting one-on-one, with only note takers and translators present.

Secretary of State James A. Baker 3d and Foreign Minister Eduard A. Shevardnadze, whose own warm relationship helped break the ice between Mr. Bush and Mr. Gorbachev, met in a separate room.

Before lunch, the two leaders engaged in another obligatory ceremony of summitry, the "class photo," a formal portrait. They were joined by Barbara Bush and Raisa Gorbachev, and by President Mauno Koivisto of Finland and his wife, Tellervo.

All posed before a gilded statute of a woman with sword and shield standing protectively in front of a lion, the symbol of Finland.

As reporters shouted questions, Mr. Bush seemed to delight in their inability to elicit any useful response. At one point, while Mr. Gorbachev replied in Russian to a question, Mr. Bush looked at American reporters standing blankly along the wall and joked, "You heard what the man said."

The luncheon was followed by another two-hour meeting between Mr. Bush and Mr. Gorbachev and a number of their aides. While the details of the meetings were not immediately clear, officials said they were characterized more by broad discussions and not by sharp exchanges on the details of Gulf policy.

"Differences still remain," Mr. Bush said at the news conference. "But the common ground, in my view, surges ahead of these differences."

FACE-OFF IN THE GULF: For the Israelis, some self-satisfaction in the way events have unrolled

Worries As Iraq Digs In

Egyptian Officer Sees Deep Defense

By John Kifner
New York Times Service

CAIRO — A senior Egyptian military officer says intelligence from satellites and reports from thousands of Egyptian workers returning from Iraq indicate that the army of President Saddam Hussein is digging into the type of defensive positions that were the hallmark of most of its eight-year war with Iran.

"They have an abnormal capacity to dig," the Egyptian officer said of the Iraqis, citing their many earthworks, dugouts and fortifications. "This is a disadvantage of time for us from a military point of view."

The officer expressed the widely held view in Egypt that Mr. Hussein would try to stall as long as possible in hopes of dividing the powers against him and playing on Arab public opinion.

Nevertheless, Egyptian military officials say the most prudent strategy is to ensure that the U.S.-led forces are adequately deployed before taking any military action. Those deployments and preparations, they say, will take four months.

President Hosni Mubarak has promised Secretary of State James A. Baker 3d that he will soon send more troops to Saudi Arabia, where it has stationed 2,000 soldiers.

A Bush administration official said that Egypt would likely deploy two divisions, including mechanized and armored units, totaling as many as 30,000 men.

"The buildup will take time," the Egyptian officer said. "There is no infrastructure. But better to take the four months and do the job in one week, then start something in a week and take four months to finish it."

Echoing civilian officials in Cairo, the officer said he saw little hope that Mr. Hussein would respond to diplomatic maneuvers intended to get him to withdraw.

"If he withdraws, he's finished," he said. "He's very determined in his objective to keep Kuwait."

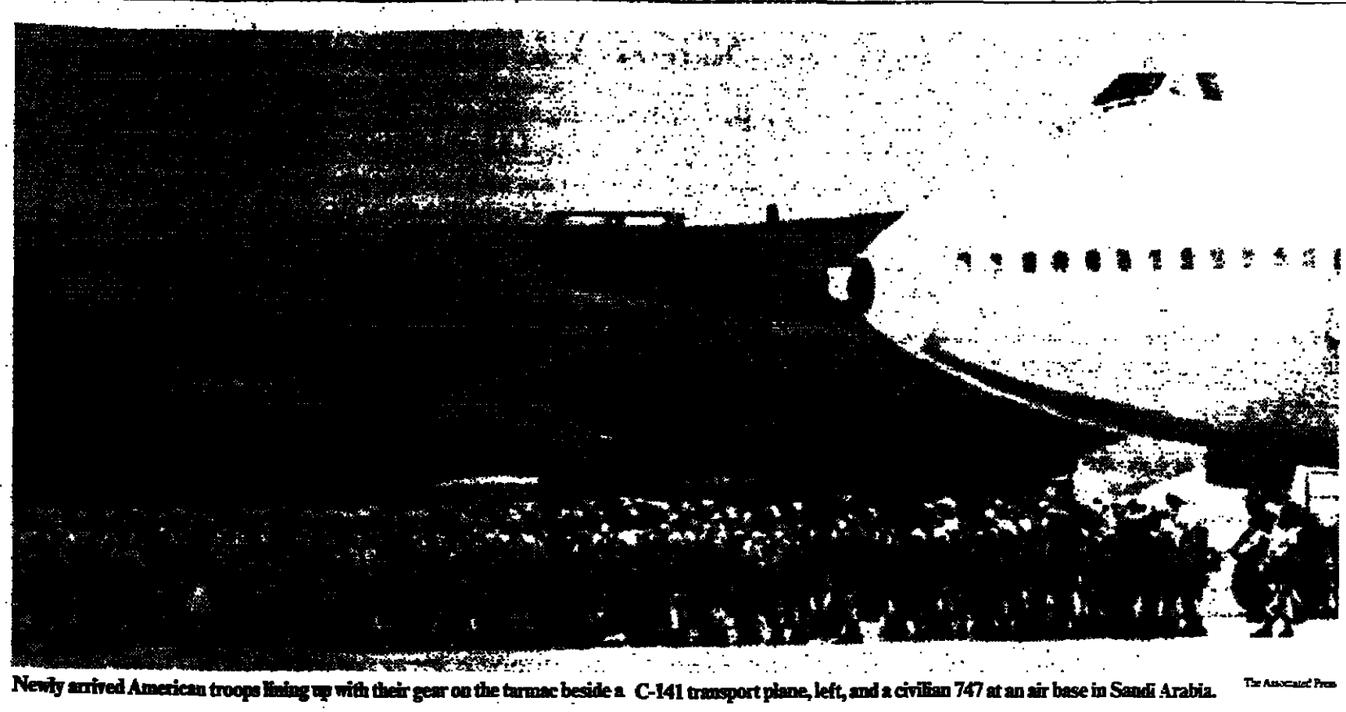
The officer added: "We must continue to keep our objectives the unconditional return of Kuwait and the return of the legal government. If there is any change, it means that Saddam has won."

It has been learned, he added, that the Iraqis have created separate sector commands at the division level with independent standing orders so that they could act automatically in the event that their communications broke down.

"As for chemical weapons, that is a big risk," he said. "They may be able to manufacture them and get them to the divisions. That is our disadvantage of time. And because of their fortifications, it will be difficult. They will be difficult to destroy. To succeed at the end, you will need ground troops."

Asked about speculation that a desperate Saddam Hussein might make a last-ditch effort to bring Israel into the war, possibly by an attack with rockets carrying chemical arms, the Egyptian officer had an emphatic response.

"We are taking that scenario very seriously," he said.



Newly arrived American troops lining up with their gear on the tarmac beside a C-141 transport plane, left, and a civilian 747 at an air base in Saudi Arabia. The Associated Press

For Israel, Crisis Confirms Its Hard-Line Views

By Joel Brinkley
New York Times Service

JERUSALEM — While the Gulf crisis appears to be redrawing the map of the Middle East, in Israel officials are watching with no small amount of satisfaction, convinced that the dramatic developments of the past month have reaffirmed the correctness of their long-standing, hard-line foreign policy.

NEWS ANALYSIS

Israel's leaders are growing increasingly confident that in the months ahead they are unlikely to face notable pressure to change their approach.

Foreign Minister David Levy's visit to Washington last week, and his warm reception by President George Bush and Secretary of State James A. Baker 3d, served to reinforce that view.

Prime Minister Yitzhak Shamir said that Mr. Levy's visit proved "that there is complete agreement on what Israel has to do."

The reasoning behind Jerusalem's satisfaction is threefold: Israelis believe the Palestinians' avid support for Iraq has proved what Israel has been saying all along, that the Palestine Liberation Organization is nothing more than a duplicitous collection of terrorists.

Further, Israelis believe the world now realizes it owes them gratitude, and more, for destroying an Iraqi nuclear reactor nine years ago, setting back Baghdad's nuclear weapons program, and warning about President Saddam Hussein's intentions in all the years since.

And finally, officials in Jerusalem are quite proud of themselves for managing to keep quiet for more than a month, as Washington had asked.

Throughout last month, stunned analysts here and abroad watched Arab states fall in line behind the United States while Israel, America's traditional ally in the region, was asked to stand aside and keep quiet.

Surely, the analysts and diplomats prophesied, Washington's new relationships with Egypt, Syria, Saudi Arabia, and others would force the United States to place new pressure on Israel to make peace with the Palestinians when the Gulf crisis is settled.

Israel, in turn, would be forced to show flexibility that it had been unwilling to offer in the past.

Further, the thinking went, Washington would have to reassess its heavy reliance on Israel as a strategic ally, now that a real crisis has occurred and Israel is the only state in the region that, at Washington's request, remains conspicuously uninvolved.

But now this country's leaders are saying they don't think anything important will actually change. The evidence suggests that they are probably correct.

"I believe the U.S. will achieve its goal, and the situation will return to what it was, more or less," said former Defense Minister Yitzhak Rabin.

Maybe the United States will owe a debt of gratitude to the Arab nations when the crisis ends. But it now seems less likely that Arab leaders will choose to cash in that debt by asking the United States to press the Palestinians' case.

Palestinians are held in poor regard throughout most of the Arab world because of the PLO's support for Iraq. Palestinian workers are being barred from entry to several Arab countries that had employed thousands of them before. Qatar is forcibly evicting them.

Instead of asking the United States to push on behalf of the Palestinians, Arab countries are requesting more American weapons, debt forgiveness, and other aid for themselves.

In any case, officials in Jerusalem — far from worried that Israel's standing in Washington has eroded because of the low profile it has taken in the crisis — feel confident and self-satisfied, convinced that their prestige with the Bush administration has grown. Mr. Levy's reception in Washington bolstered that view.

At the same time, Israeli leaders who normally have difficulty keeping their mouths shut, no matter what problems their talk might cause, have in fact keep relatively quiet over the last month, just as Washington had asked. A veteran Israeli diplomat noted in recent newspaper columns that for this nation's garrulous and argumentative politicians, keeping quiet is a meritorious accomplishment.

A senior government official who normally solicits opportunities to speak for quotation to American journalists lowered his voice to a quiet, confiding tone as he said: "You know, Washington has asked us to keep a low profile, and we are all trying very hard to do it. We're doing exactly what Washington asked."

Feeling no immediate pressure from Washington, it is clear here that the Gulf crisis and the evolving realignment in the Arab world has not softened this government's position at all. In fact, the contrary seems to be true.

A hard-line view on the Israeli-Arab conflict that was offered quietly earlier this summer now seems to be evolving into doctrine. It is that Israel can't realistically hope to settle with the Palestinians until it has made peace with the rest of the Arab world — a prospect that is, at best, distant.

"I don't see any reason today to change our basic approach toward the Palestinians," said Yossi Ben Aharon, chief of staff for Mr. Shamir. "All this tends to strengthen our argument that it is useless to hope for a breakthrough in the Israeli-Palestinian issue and ignore the Israeli-Arab nations issue."

And, repeating a familiar theme for his government, Mr. Shamir made it clear that he is no more concerned now than he has been at any time in the past about the possibility of increased pressure from the United States to negotiate with the Palestinians.

"All these years there has been talk about pressure on Israel," he said. "Israel is not under pressure, and this will be the case in the future, too."

Kohl Vows to Alter The Constitution

By Serge Schmemann
New York Times Service

BONN — Chancellor Helmut Kohl said Sunday that he was "firmly resolved" to revise the constitution after Germany's reunification to permit the use of German forces in UN peacekeeping forces.

Until now, Bonn has always argued that the Basic Law, the West German Constitution, prohibits the deployment of German forces outside the area of the North Atlantic Treaty Organization.

The stance has kept West Germany from joining the United States and other NATO forces in the Gulf, although Bonn sent four minesweepers and one supply ship to the eastern Mediterranean in August to free other allied ships for duty in the Gulf. West Germany has also increased its aid to Jordan, Turkey and Egypt, and has assisted in transport and other logistical functions.

But the Iraqi crisis has shaped a growing political consensus that a reunited Germany should be enabled to participate directly in joint peacekeeping operations outside the NATO region. So far, the talk has been only of joining in UN-mandated operations.

"The current situation on the basis of our constitution is in no circumstances bearable for the future," Mr. Kohl said in a radio interview. "I know there are different opinions here, but we must not allow the situation — this would do severe harm to Germany's reputation — if the judgment around the world was that if there is money to be made they're here, but if the issue is taking responsibility, they evade it.

"This is a mood," he said, "that we can hear internationally in many places already."

Mr. Kohl said he was determined to put the question of revising the constitution before the all-German parliament to be elected Dec. 2.

He stressed that he was talking of committing troops only in the framework of a UN mission and vote.

"As a member of the United Nations," he said, "we cannot stand aside when the United Nations calls on us to take responsibility."

A constitutional change would not affect the size of the future German Army, or the restrictions on its deployment in what is now East Germany. These conditions were agreed to in negotiations between Bonn and Moscow, and will be part of the East-West agreement on conventional forces in Europe now being negotiated in Vienna.

The agreements call for the German Army not to exceed 370,000 troops, and to have no forces under NATO command stationed in eastern Germany.

But Mr. Kohl's pledge reflected a growing sense, at least among politicians in Bonn, that West Germany is being increasingly perceived in other Western capitals as a nation ready to do business anywhere in the world, but unprepared to do its share in safeguarding Western interests around the globe.

The actual constitutional passages cited by the Germans are regarded as ambivalent by Western experts. One says that the armed forces can be used only "to the extent explicitly permitted by this Basic Law," and no article deals explicitly with deployment abroad except one that enables West Germany to join an alliance to "bring about a peaceful and lasting order in Europe and among the nations of the world."

ARABS: *Increasingly, Moderates Believe a Military Strike Is Inevitable*

(Continued from page 1)

and nuclear arms-making potential, could pose to regional peace even in the event that Mr. Hussein decided to pull out of Kuwait.

"You know, we are against chemical weapons, against the presence of missiles because this is a very destructive means. I think peace will never go with the presence of all these forms of weapons in the area," he said after meeting with the U.S. secretary of state, James A. Baker 3d.

Mr. Mubarak, who also said he was dispatching additional Egyptian troops to Saudi Arabia, hastened to add that time should be allowed to see if peaceful means would produce results.

Saudi Arabia has insisted in public that the U.S. troops are in the kingdom for defense. A top-ranking Saudi commander, Lieutenant General Khalid ibn Sultan, said recently that any decision to use U.S. troops offensively would have to be preceded by consultations between King Fahd of Saudi Arabia and President George Bush.

But privately, according to diplomats and Arab officials, the Saudis and other oil-rich Gulf rulers want the Americans to knock out Mr. Hussein. Cautious even in normal times, they are worried about saying so publicly, largely for fear of playing into the hands of Mr. Hussein's propaganda — in one of his latest blasts, he called for a *jihad* against both King Fahd and Mr. Mubarak whom he described as a pawn of the Americans — and of causing instability in the Arab world.

"I don't believe he will be allowed to escape," a senior Egyptian military official said of Mr. Hussein.

"Of course, this is what they want in the Gulf," a well-connected Western diplomat in the area said when asked about the possibility of a swift military strike to eliminate Mr. Hussein.

"The Saudis are very keen on saying its only for the defense of Saudi Arabia," said Mr. Basheer, the Egyptian analyst. "In their heart of hearts, they want Saddam out, but they will not say so publicly. All this hair-splitting difference might be important if there was a military operation that did not turn out well. The public wants a no-war scenario, and that's why the leadership keeps repeating a litany of peace."

But Mr. Basheer seemed gloomy and uncertain at the prospects ahead. "There could be a clumsy, bloody, desert war, even though nobody expects war to be too protracted," he said.

U.S. Sees a Sign of Goodwill

Scowcroft Says Soviets Want to Ensure Mideast Stability

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — Brent Scowcroft, the U.S. national security adviser, on Sunday portrayed the U.S.-Soviet agreement to propose a "regional security structure" in the Gulf as a signal of Moscow's willingness to ensure stability there.

Mr. Scowcroft said President Mikhail S. Gorbachev wanted such a structure to lean toward an inter-Arab security force and not necessarily involve a permanent U.S. military role.

Mr. Scowcroft's comments, in a televised interview from Helsinki at the conclusion of the summit talks, which he called "very historic," provided insight into U.S. perspective on the Gulf crisis and its view of the Soviet role.

Mr. Scowcroft also said the United States was willing to see a solution to the crisis that would not necessarily topple President Saddam Hussein of Iraq or cripple Baghdad's military capability.

Interpreting President George Bush's comment in Helsinki that American troops would return from the Gulf as soon as their mission was complete, Mr. Scowcroft said that a security arrangement designed to prevent further Iraqi aggression would be a condition for U.S. withdrawal.

He said that Washington would insist on a security system in the Gulf that prevented renewed Iraqi aggression.

The idea for such a security arrangement, not unlike NATO or the Warsaw Pact, was first floated last week by Secretary of State James A. Baker 3d in testimony before Congress. But it was described in only the roughest terms and the extent of Arab eagerness for such a force is not apparent.

Judging from the Arab forces allied against Iraq, however, some form of alliance involving Saudi Arabia, Syria and Egypt seems possible.

Mr. Scowcroft said the Helsinki talks were historic because the Soviet Union was "playing a responsible role against their traditions and against their alliance with Iraq."

"This is terrible news for Saddam Hussein," he said, adding that the Iraqi leader was "getting increasingly worried about the tight box that he's in."

"I think the joint statement today tightens that box," he said.

Mr. Scowcroft cited phrasing in the joint U.S.-Soviet communiqué stating that the Soviets had agreed to undertake further options in the Gulf crisis if the economic sanctions against Iraq failed. This solidifies U.S.-Soviet intentions, Mr. Scowcroft said. It does so along the same lines spelled out by the White House when the UN sanctions were approved four days after Iraq invaded Kuwait.

"What those options would be is at this point a hypothetical question," Mr. Scowcroft said, but he repeated U.S. policy that military action could not be ruled out.

The security aide sidestepped a question about the possibility of a U.S. military strike against Iraq without Soviet acquiescence, hinting that the Kremlin would be informed before such action, unless there was "a major provocation" of U.S. forces by Iraq.

Mr. Scowcroft confirmed reports that the United States was willing to limit its immediate goals in the Gulf and not insist on the removal of Mr. Hussein or Iraq's chemical weapons capability.

He said the United States did not necessarily have to solve all the problems with Iraq at once. The remaining problems would be dealt with after Iraq was out of Kuwait, he said.

On the issue of food aid to Baghdad, Mr. Scowcroft said that from the beginning of the crisis, Mr. Bush "didn't want Iraqi children to starve." A system is needed, however, to permit humanitarian food aid to enter Iraq and to ensure that it reaches its intended recipients, he said.

Food cannot be "shipped willy-nilly to the Iraqi government," he said.

GULF: *Mutual Needs*

(Continued from page 1)

a dead end by cutting itself off from the international community. The Kremlin, he said, will continue to cooperate with other members of the Security Council.

Mr. Bush seemed eager to reward the Soviet Union for its new, cooperative mood. He gave his most positive assessment yet of the prospects for economic cooperation between the superpowers, saying that he would be addressing Congress on this matter after his return to Washington.

On the diplomatic front, Mr. Bush conceded a point that has been on the Kremlin's political wish list for more than three decades: recognition that the Soviet Union has a legitimate role to play in the Middle East.

The joint statement specifically acknowledges that both superpowers should work actively together to "resolve all remaining conflicts" in the region as soon as the Kuwaiti crisis has been resolved. In Mr. Gorbachev's interpretation, this means the end of a long-standing U.S. attempt to cut Moscow out of negotiations for a settlement of the Arab-Israeli dispute.

After attracting everybody's attention by saying that he was about to reveal "a secret," Mr. Gorbachev quoted Mr. Bush as having told him that there had been a long period when the United States felt that the Soviet Union had "no business" in the Middle East.

"This was something that we had to talk through during this meeting here in Helsinki," he said. "And what was said here is that it's very important for us to cooperate in the Middle East, just as on other issues of world politics."

In return for these symbolic concessions by Washington, Mr. Gorbachev did not go substantively beyond his previous position on the crisis. He turned down a request by Mr. Bush for the immediate withdrawal of Soviet military specialists from Iraq.

ARMS: *Soviets Propose Slash in U.S. Troops in Europe*

(Continued from page 1)

mittee, Sam Nunn, have suggested should remain in Europe over the long term.

Mr. Nunn, endorsing the views of James R. Schlesinger, a former U.S. defense secretary, said in April that "we should start planning on a residual force in Europe on the order of 75,000 to 100,000 within five years."

A U.S. official, while acknowledging some domestic support for the idea of such drastic cuts, said, "We're not prepared to announce a level that low at this particular time."

He said that it was widely understood that U.S. forces would eventually drop well below 225,000 but that any U.S. commitment to such a low number was impossible before a second treaty on conventional forces, to be negotiated later.

"Our position is that we do not envision any specific limits on U.S. personnel" in the treaty that is to be completed this year, he said, speaking on the condition that he not be identified.

In explaining the new Soviet proposals on military equipment in Central Europe, a zone that includes the territory of six nations besides Germany, Mr. Grinevsky said in a negotiating session Aug. 30 that the planned withdrawal of Soviet forces from Eastern Europe had "radically" changed projections of the region's security structure.

He said the Western numbers, which Moscow earlier accepted informally, would give the Western forces an advantage of roughly 2 to 1 in the area that once marked the front line of East-West discord.

"What should we do in this situation?" he asked. "Should we disregard it and pretend that nothing is happening and leave everything unchanged? But this could be like the three Oriental monkeys covering their eyes in one case, their ears in the second case and their mouth in the third case, as if illustrating the formula 'See nothing, hear nothing, say nothing' to anyone."

Under the new Soviet proposal the West would be allowed to keep equipment in Central Europe roughly comparable to that held by former Warsaw Pact allies after all Soviet forces had been withdrawn.

Mr. Grinevsky said that this meant a limit of 4,000 to 4,500 tanks, up to 6,000 armored personnel carriers and 3,500 artillery pieces. The West has proposed 8,000 tanks, 11,000 armored personnel carriers and 4,500 artillery weapons for this region.

Mr. Grinevsky also proposed for the first time that up to 80 percent of the equipment allowed in the eastern zone covered by the treaty, which in the current negotiations technically stretches from the German border eastward to the Ural Mountains, could be owned and operated by his country. The North Atlantic Treaty Organization has proposed a 60 percent limit, but Moscow evidently feels that its former allies do not plan to maintain sufficient equipment of their own to balance the Western forces.

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OPINION

Let the Sellers Beware

President Saddam Hussein probably gives some of his foreign "guests" real hospitality. They are the Brazilian engineers who have been helping Iraq develop ballistic missiles. Brazil disclaims any knowledge of their activities and wants them to quit work and leave, to comply with the UN trade embargo with Iraq. But they have not left.

The Bush administration has communicated its official displeasure to Brazil, just as it has asked Moscow to withdraw its military advisers from Iraq. But as recently as two weeks ago, in a dangerously thoughtless decision, it approved shipment of missile casings to Brazil.

The administration cannot hope to persuade the world to maintain a tight embargo on trade with Iraq, particularly in arms, until it stops aiding Brazilian missile-building programs. President George Bush can still hold up the shipment of missile casings and can also block the export of supercomputers that can be used to perfect missiles.

Beyond that, he needs a tough new policy to curb the spread of missiles, as well as chemical and nuclear warheads, by working with European allies, the Soviets and others to tighten export restrictions.

Brazil has long followed a laissez-faire policy on arms sales, with the rationale that arms are a profitable export and a spur to technological advance. This "Have guns, will travel" attitude has made Brazil the largest Third World arms seller.

When its missile-marketing to Libya in 1988 drew Washington's wrath, Brazil curbed its sales. But the United States did little to discourage Brazilian arms exports to Iraq during the Iran-Iraq war, or since. It continues to allow U.S. companies to sell Brazil missile components and technology, ostensibly for commercial satellite launches, though critics warned the technology would end up in Iraq.

To curb just such technology transfers, the United States and six weapons-producing allies set up the Missile Technology Control Regime in 1987. They restricted sales of rockets but did not always force their own manufacturers to comply, and in some instances even allowed dubious sales like that of the missile casings to go ahead.

In another example, companies in France, Sweden, West Germany and Belgium helped Brazil develop an engine capable of powering a missile to intercontinental range and improve its computer guidance. Brazilians passed this technology to Iraq.

The Gulf crisis now demonstrates the urgency of doing more to stop indiscriminate high-tech arms sales. That means expanding the list of restricted exports under the 1987 control regime. States need to insist on inspecting items they export to assure they are not being put to military use. Laws are needed to impose criminal sanctions on businesses that export without a license.

The Technology Control Regime also ought to be expanded to include Brazil and other Third World arms exporters, as well as the Soviet Union, China and recently liberated East European states. These countries also contribute to the spread of missile capabilities.

As the current crisis makes clear, a world united against aggression cannot allow those who sold Iraq advanced missile technology to continue this deadly practice. The motto must be: Let the sellers beware.

— THE NEW YORK TIMES.

Shameful Intolerance

A Detroit radio station thought it hilarious to invite listeners to call in "bad Iraqi jokes." Some of the entries were so crudely provocative that the station apologized to local Arab-Americans. In Toledo, an Arab-American businessman was beaten by a white supremacy mob. In Santa Ana, California, a Star of David was spray-painted on a car owned by an American of Syrian origin. And in Flushing, New York, a woman wearing her native Pakistani dress was taunted by a crowd shouting: "Get out of New York. This is not your country."

All Americans so victimized deserve apologies. Bigotry thrives on slanderous stereotypes, and the crazed Arab is today's version of the Teutonic hordes and the yellow peril. Never mind that Pakistan is not an Arab country, that Syria has joined in opposing Iraq's aggression, or that Iraqis themselves are of many minds about Saddam Hussein — especially Iraqi Kurds, whose villages have been gassed by the Baghdad regime.

To hold a diverse Arab world collectively responsible for a single leader's misdeeds traduces an entire people.

American Jews have reason to be particularly sensitive about demonizing a Semitic people. In unthinking caricature, Arabs are portrayed either as demented terrorists or greedy oil sheikhs. This is a variation of the hateful depiction of Jews as rapacious bankers or sinister revolutionaries. Anti-Semitism is anti-Semitism in both forms.

In previous conflicts, America's defense of lofty principles has been shamed by intolerance at home. During World War I, bash-the-Hun hysteria reached absurd extremes as sauerkraut was renamed "liberty cabbage" and native dissenters like Eugene Debs were sent to jail. Intolerance took a different turn in World War II when American citizens were confined in detention camps because of their Japanese origin.

President George Bush would speak for a wiser country by making plain that those who torment and defame Arab-Americans disgrace all Americans.

— THE NEW YORK TIMES.

An Uneven Trade Lever

Democratic Czechoslovakia has done everything and more to become eligible for "most favored nation" (meaning normal) tariff treatment on its exports. The privilege would not only reward its sweeping political transformation but would supply an immediate economic boost, because, unlike the Soviet Union, Czechoslovakia has important dutiable goods that are in American demand. But favored-nation status for Prague is still hung up in the bureaucracy, and there is some anxiety that Congress, with a full plate and not much time, may let it fall through the cracks. Delay would be painful; let the Czechoslovaks have it now.

But not yet the Romanians. Romania in recent weeks has stood firmly with the United States in meeting the crisis in the Gulf. It is paying a price in debt payments and trading opportunities forgone, and perhaps Washington can help cushion that impact by directing more crude oil to Romania's underused refineries or by taking up its offer to supply crisis-needed aviation fuel.

Favored-nation status, however, is in its own category. Its granting or withholding has become a lever for encouraging liberalization in the old Soviet bloc. Post-Ceausescu Romania still has far to go in containing the police, releasing prisoners, protecting dissent and freeing the media.

Formerly the conduct of a foreign policy on the American wavelength was enough to ensure favored status for Bucharest. The democratic revolution in Eastern Europe changed the rules. It changed the rules, in fact, in a very inconsistent manner. It used to be that favored status for Communist countries was tied, by the Jackson-Vanik amendment, to their practice of free emigration. Now emigration is no longer a problem, and, with the tolerance of Congress, the Bush administration has come to use favored trade status as an all-purpose, country-by-country political tool.

Romania has long had a good record on emigration but is now denied favored trade status on political grounds. Not without reason it points to China, which, despite an appalling record on human rights and pluralism, retains favored trade status because the administration determined that withholding it would be too disruptive. The Soviet Union now serves up more emigrants than receiving countries can take, but the granting of favored status to it hinges on its enactment of an emigration law, which is yet to come. The administration needs congressional prodding to put some greater consistency into a policy that has its logic but is vulnerable for being embarrassingly arbitrary.

— THE WASHINGTON POST.

Other Comment

A Long-Term Solution

It would be dangerous to make a martyr of Saddam Hussein to the vast mass of poor Arabs who look up to him as a hero. About the only way to get around that is to somehow improve the lot of the common Arab, perhaps by removing the glaring inequalities between them and the very rich oil sheikhs, notably of Saudi Arabia and Kuwait.

The next point would be the perceived double standard of the United States, which condemns Saddam Hussein but tolerates Israeli occupation of four territories. [The Israelis] were at least partly inspired by security considerations, and any reference to those occupations does not excuse Saddam Hussein's actions. But any long-term solution to the Gulf conflict will have to take the Israeli occupations, and the bitter resentment they have caused, into account — a point that may be troubling Israeli politicians at this moment.

— Australian Financial Review (Sydney).

Fears of European Unity

In less than a month, the two Germanys will become one, creating a mighty bridge between Europe's developed West and the developing former Communist countries of the East. While this brings joy to many Europeans, it has raised concern elsewhere.

In many countries of the developing world, hope for the future is tinged with the fear that while the countries of Eastern Europe are being dragged into the market mechanisms of the industrialized world, those of the developing world will become sidelined. This fear takes its most potent form in a scenario in which the industrialized states eventually band together to maintain their own prosperity in the face of the increasing poverty of Third World countries. One possible consequence [would be] a vast increase in the flow of economic refugees, with disastrous consequences on the industrial world.

— The Bangkok Post.

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Movement in the Sand: A Diplomatic Strategy

By Stephen S. Rosenfeld

WASHINGTON — What is your "diplomatic strategy?" Representative Lee Hamilton asked. Secretary of State James Baker replied that Saddam Hussein did not look ready for the diplomatic track right now — the sanctions need more time — but that negotiation on the future government of Kuwait and on Iraq's territorial claims against Kuwait is "contemplated by one of the UN resolutions" and can take place after Iraq withdraws from Kuwait — and, he presumably meant, after the legal government is restored.

This exchange, in hearings Tuesday in the House of Representatives, points to an untested but perhaps feasible way out of the Iraq crisis: a post-withdrawal, post-restoration intra-Arab negotiation the agenda of which would include at least some of Iraq's own grievances.

The thrust is that the Iraqi threat can be 'contained' over time.

In any event, it is evidence that the United States is moving toward a "diplomatic strategy" — an idea not just of what it wants but of how to get it. The first part of the strategy is to join with others to apply enough pressure to draw Saddam Hussein's attention to the policy purposes inscribed in the five guiding United Nations resolutions. The second, now quietly dropped into the public discussion by Mr. Baker, is to convey an openness to consider some of Iraq's concerns.

Until Tuesday, the United States had simply stated its goals, which are right and worthy but which no one should imagine are achievable easily or even at great cost and difficulty short of Saddam Hussein's defeat or death. The United States had also repudiated, as Mr. Baker did again on Tuesday, the suggestion of the several would-be mediators for a "face-saver" for the Iraqi dictator — something he could hold up in retreat to show he had not been utterly humiliated.

Holding out the lure of post-withdrawal negotiations appears to be the secretary's chosen way of sweetening the terms a bit for Saddam Hussein without compromising on basic U.S. goals or "rewarding aggression."

Hovering over the proceedings is the earlier UN resolution (598) on the Iran-Iraq cease-fire, which hints at an appropriate concern for Iraqi access to the Gulf on either Iraq's Iran side or its Kuwait side. But the particular resolution Mr. Baker evidently cited was the one (660, passed on Aug. 2) in which the Security Council initially condemned the Iraqi invasion. It "calls upon Iraq and Kuwait to begin immediately intensive negotiations for the resolution of their differences and supports all efforts in this regard, and especially those of the League of Arab States."

Resolution 660 had in mind resuming the difficult discussions — on border issues, oil quotas and prices, war-loan terms — that Iraq broke off, claiming Kuwaiti intransigence, when it invaded. These are the issues theoretically available for post-settlement Iraqi-Kuwaiti massage.

That Mr. Baker should include "the future government of Kuwait" as a fit subject for discussion with Iraq is strange, reflecting perhaps a certain embarrassment over the American-supported UN demand to restore a monarchy. But Kuwait's ambassador in Washington, a member of the ruling family, tells me his government is willing, with some safeguards, to sit down at the table with Iraq again.

Between the lines of Mr. Baker's testimony Tuesday was a further discreet appeal to Saddam Hussein. He offered as specific an avowal as the administration has given that it does not seek either his ouster or the elimination of his gas-nuclear-missile capabilities — goals the administration has eyed but not formally embraced.

Mr. Baker's whole thrust was that the menaces from Saddam Hussein and Iraq could instead be "contained" or "circumscribed" over time within a new "regional security structure," and perhaps also treated by extended regional diplomacy.

His defense secretary is giving President George Bush a broad range of military options, restricted though their employment may be by Iraq's staking out of hostages, by Saudi insistence on leashing U.S. forces and by other prudential concerns.

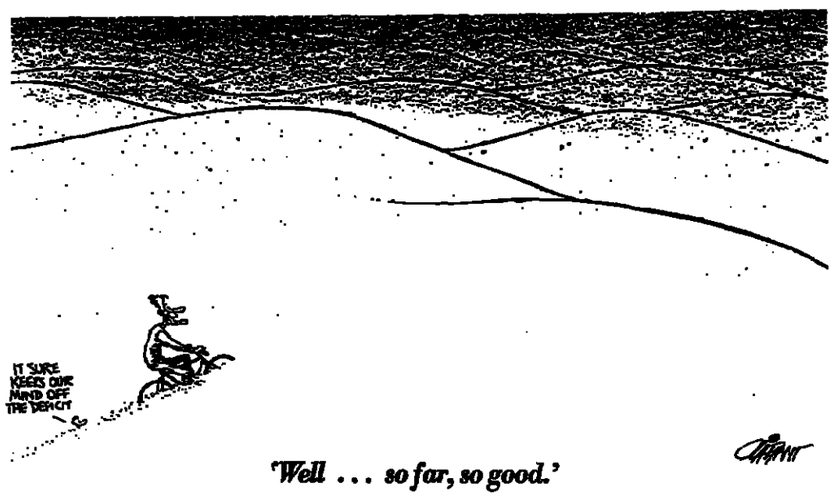
The secretary of state is turning the world's strong reaction to the Iraqi invasion, plus the options provided by the allied military buildup, into a range of diplomatic options. One set enables an American-led coalition to squeeze Iraq. The set now surfaced by Mr. Baker offers Iraq a way out acceptable to the United States "down the line."

The coalition gives impetus to U.S. policy up to the point at which force being amassed becomes force about to be used. Then the coalition may become a check on American policy. Precisely at that point the United States needs a diplomatic strategy, and now it may be getting one.

The Washington Post.

'Tis Better, Perhaps, to Be Bogged

By George F. Will



'Well . . . so far, so good.'

WASHINGTON — As U.S. forces, and policy, settle into the sand for a long stay, a question insistently asked is: Will they become "bogged down" there? The answer: Of course, and that is good, or at any rate the least bad outcome.

The alternative to being bogged down there is Iraq rampant there. That is, the alternative to being bogged down is not to have gone.

A quick resort to force might have been satisfying, but catharsis is not an acceptable purpose of foreign policy. It might have been wise, but it certainly would have been no guarantee of a short stay.

One reason the Berlin Wall is down is that U.S. forces were "bogged down" in Europe 45 years after the war ended. It is now 483 months since President Truman committed forces in Korea, and the world is better because some U.S. troops are still there. For many years, concern for oil supplies, and for Israel's safety, have caused America to seek a permanent presence on the ground in the Middle East. To those who say it is now "bogged down" there, others reply: It is about time.

Many complaints and warnings about today's undertaking are coming from conservatives. They, of all people, should understand the impossibility of crisp, tidy historical action, particularly with the blunt instrument of military force. Still, many conservatives are sorting themselves into two camps — the overreachers and the underreachers.

The overreachers have the Wall Street Journal, which would like to "take Baghdad and install a MacArthur regency." Well, now.

Who would play MacArthur? He was a prickly, difficult genius, but a genius. Before he was installed in Tokyo, that city and many others (Hiroshima, Nagasaki) were pulverized and the emperor had led his people into capitulation and docility. Who will play that role in Iraq? Or are we to do in Iraq what we were spared the agony of doing in Japan: Take the capital, street by street?

The Journal is always emphatic and frequently correct in criticizing the U.S. government's hubris in domestic policy, its fallacious belief that it can control events. Why, then, such confidence in Washington's ability to manufacture MacArthurs and conduct regencies in Baghdad?

Conservative underreachers say Iraqi aggression does not involve U.S. interests proportional to the current commitment. Such conservatives must answer questions they are used to posing to liberals on the use of U.S. power: If not here, where? If not now, when?

The fact that Kuwait is a boutique nation, more a country club than a country, and no democracy, makes it a suitable subject for the point the Bush administration wants to make. There is no nonsense about the merits of the regime overthrown, none of the sentimentality and mythology ("Brave little Belgium") that has bedeviled policy-making in other conflicts. The point here is the nature of the aggressor, not of the aggressed against.

Twice in his congressional testimony last week, Secretary of State James Baker referred to the current crisis as an "opportunity." It is "the first opportunity to limit" aggression in the post-Cold War context. It is an "opportunity to solidify the ground rules of the new order." U.S. policy is therefore, Machiavellian — commendably so. In one of the great injustices of intellectual history, Machiavelli became a byword for immorality because he made a moral point: Economizing violence in the long run often requires measured force in the short.

Skepticism about interventionism is intrinsic to conservatism. It is now surfacing because of the waning of the historical contingency — communism — that caused conservatives to suspend a facet of their faith.

Contemporary American conservatism, born in reaction to the New Deal and subsequent enlargements of the state, has a strong anti-government cast. The core of this is objection to conscription of the individual into collective undertakings.

For 45 years, conservatism has been schizophrenic, favoring strong, power-projecting, ambitious, interventionist, confident government in foreign policy but insisting upon demure, chastened government regarding domestic policy.

Conservatives lived with the tension of a divided mind because they understood the radical nature of the totalitarian challenge. The sudden snapping of Cold War tension has some conservatives recoiling radically from what was for them an unnatural and uncomfortable tolerance of the confident, demanding, expensive government necessary for a foreign policy of containment.

Jeane Kirkpatrick says, "With a return to 'normal' times, we can again become a normal nation."

The rending argument between conservatives, like the argument between Hamilton and Jefferson and between Lincoln and Douglas, concerns nothing less than what the nation should be, normally.

Washington Post Writers Group.

Disaster, Manmade and Otherwise, Haunts Aquino

By Amando Doronila

MANILA — The government of President Corazon Aquino is struggling to avert the collapse of its authority.

With presidential elections due in less than two years, her administration faces a crisis of confidence. Mrs. Aquino has failed to provide the decisive leadership needed to reverse economic deterioration and to reassert the government's authority over the military groups plotting to overthrow it.

The sense of crisis has been heightened by a series of events beyond the control of the government. A devastating earthquake in July, a succession of typhoons and floods, and the conflict in the Gulf have all had serious political and economic repercussions.

There is growing doubt about whether the administration can survive until the 1992 elections, which would pave the way for a democratic change of leadership. If the government loses control of events, it may fall from its own weight, inviting a takeover by the mainstream military establishment to prevent a breakdown of law and order.

The government has lost the support of the urban middle class, the business community, cause-oriented groups, farmers and others. Extraordinary measures to deal with the situation have been debated — the proclamation of martial law, the transformation of the two-chamber Congress into a constituent assembly that would amend the constitution to allow early elections. But no action has been taken.

The Gulf conflict has exposed the Philippine economy to the unsettling events in the Middle East. The Philippines depends on imports, mainly from the Gulf states, for 65 percent of its oil needs. There are 650,000 Filipino contract workers in Kuwait, Iraq and Saudi Arabia. In the past, they sent home about $1 billion a year, providing the country with an important source of foreign exchange.

Rising crude oil prices have intensified inflation, now 11 percent a year, and dramatically increased the national import bill. The return of Filipino workers from the Middle East will aggravate an already huge problem of unemployment and underemployment, heightening unrest.

These developments are being exploited by military rebels and political opponents of the government to create an atmosphere of instability.

There have been six failed coup attempts since 1986. In the past few weeks, a campaign of bombings in Manila, widely thought to be the work of the rebels, has fanned rumors of an impending coup.

The authorities' failure to prevent the bombings, coupled with revelations by the military leadership of alleged plots to assassinate Mrs. Aquino, has left an impression of government helplessness. The administration has failed to produce policy initiatives to revive the economy or re-establish its authority. It is widely perceived to be drifting with events.

The coup attempt 11 months ago was the most serious revolt against the government. It disrupted a trend toward economic recovery and growth. Investors were frightened away, and confidence in the government's long-term survival was eroded. Following the outbreak of the Gulf conflict, government economists have scaled down economic growth targets for the fifth time this year, from an original 6.5 percent to 3.8 percent, after factoring in the rising price of oil.

While political instability has undermined the economy, structural factors have contributed to the slowdown. Finance Secretary Jesus Estanislao notes that the perennial scarcity of foreign exchange has been a fundamental problem. He has called for an economic reform program to include a lowering of tariff protection, a liberalization of investment rules and a more equitable tax system.

But Mrs. Aquino, fearing economic disruption and influenced by lobbying from industries, has delayed the program, killing initiatives that Mr. Estanislao said were needed to avert economic collapse.

If the Gulf conflict continues, the economy will be put under further strain. This could ignite political and social unrest, creating conditions for the military to intervene. So far the armed forces, which take their lead from General Fidel Ramos, the defense secretary, have maintained their loyalty to constitutional authority.

But if the Aquino administration loses control of events, the military may step into the vacuum. The most promising democracy in Asia (outside Japan), weakened by incompetence and paralysis in the civil government, would then collapse by default.

The writer is editor in chief of the Manila Chronicle. He contributed this view to the International Herald Tribune.

To Foster Canadian Unity

CANADA'S constitutional deadlock, which threatens to trigger the secession of the province of Quebec, has evoked a vague sense of unease among U.S. policy-makers. Yet the Bush administration, despite its publicly expressed hopes for the preservation of Canadian unity, is unduly timid about using its influence in favor of such an outcome.

President George Bush said during his visit to Toronto in April that "a unified, strong Canada is a great partner." Yet a week later he vowed that he would "courageously sit on the side lines" as Canada sorts out its future. His reluctance to "intervene," as he put it, is understandable.

But he overlooks an opportunity to influence, without heavy-handed tactics, the outcome of Quebec's soul-searching. All that is needed is a simple clarification by the United States that its free-trade agreement with Canada would not extend to an independent Quebec.

It is widely assumed in Quebec that the agreement, negotiated in 1988, would continue to assure Quebec exporters unrestricted (and crucial) access to U.S. markets even if the province opted for sovereignty. Yet why would Quebec be entitled to continued benefits from the Canada-U.S. trade agreement if it were no longer a part of Canada?

An independent Quebec could seek to conclude its own trade deal with the United States, and it may be in America's interest to enter into such negotiations. But a clear statement from Washington that the Canada-U.S. free-trade agreement would not automatically apply to any province that secedes from Canada would have a salutary impact on Quebec's independence debate and could help pro-federalist Quebecers carry the day.

If the American people do favor the unity of Canada they should not hesitate to spell out the consequences of its rupture. If America can use a trade deal with the Soviets as leverage to encourage the self-determination it favors on the Baltic, why not use a trade deal with Canada to discourage the secession it fears on the shores of the St. Lawrence?

Sheldon Gordon, editorial page editor of The Financial Times of Canada, writing in The New York Times.

A Fine Line From Gulf To the Polls

By Tom Wicker

NEW YORK — President George Bush is walking a fine line in regaling Republican political rallies with denunciations of Iraq's "brazen blackmail" and such self-justifying rhetoric as "every use of force is an invitation to further aggression."

Polls show that Americans are solidly behind the deployment of troops in Saudi Arabia to thwart a possible Iraqi invasion. But the same Americans — not just Democrats — might resent anything that smacks of partisan political exploitation of the crisis.

It is not clear, moreover, how long the public might approve of an expensive stalemate in the desert. And the economic consequences of rising oil prices have yet to be fully realized.

On his recent campaign swing, Mr. Bush sensibly and properly refrained from openly seeking Republican votes as a reward for his military response to Iraq's invasion of Kuwait. That, nonetheless, was the net effect of his remarks.

Similarly, Mr. Bush made no mention of votes at a news conference this week, when he reported "clear signs of progress" in his administration's effort to curb drug abuse.

The evidence for such progress is skimpy, but Mr. Bush's reminder that he was conducting a "war on drugs" was a political plus.

His Helsinki conference with Mikhail Gorbachev is all but certain to reinforce his poll standing.

The Soviet Union is no longer a superpower; but ever since Churchill coined the phrase, meetings "at the summit" have provided plenty of photo opportunities and political pizzazz for home consumption.

Not that opposing international aggression, protecting energy supplies, dealing with the drug menace and negotiating with foreign leaders are merely exercises in domestic politics. But it is a fact that out-parties have to live with that presidents reap political hay from such legitimate activities.

In fact, American troops in the Gulf may be making the strongest bid for support for Mr. Bush and his party in the November elections. The rally-round-the-flag effect probably can be maintained at least until then, with significant effect at the polls.

The Republicans may well need such help. Before Iraqi troops invaded Kuwait and Mr. Bush responded so strongly, 1990 was beginning to look like something of a Democratic year — for one reason, of course, because Mr. Bush's party more often than not has lost support in midterm elections.

This year, in addition, the public has shown itself greatly concerned with the threat of recession, which a growing number of economists think is real, and which residents of the Northeast know to be not just a threat. Rising oil prices could make recession a reality across the country, while at the same time boosting inflation, the worst possible political news for Mr. Bush and the Republicans.

Mr. Bush already is under fire within his own party for abandoning his pledge not to raise taxes. He and the Democrats who control Congress have yet to agree on a budget package, which reflects on both. If they finally settle on a tax increase to reduce the federal deficit, Mr. Bush could suffer two ways: from agreeing to an unpopular step he had pledged to oppose and because rising taxes would make recession all the more likely.

To an unsettled economy the horrendous savings and loan scandal must be added as a Republican liability. It is true that congressional Democrats bear much responsibility, and that some of them are likely to go down in flames on the issue. But the larger facts are that the S&L collapse started during the Reagan-Bush administration, and the cleanup under the Bush administration looks more and more like a mismanaged mess.

It does not help, either, that the involvement of the president's son, Neil Bush, as a director of the failed Silverado S&L symbolizes the scandal for many Americans. Mr. Bush himself was the beneficiary of $300,000 raised for his campaign in 1987 at a dinner organized by Michael Wise, then the chairman of Silverado.

The abortion issue also seems to work against the Republicans, who are more closely identified with anti-abortion efforts than are the Democrats. Since the Supreme Court made it possible for states to restrict a woman's right to abortion, the Republican position seems to threaten that right, alienating even some who personally oppose abortion.

So it is no wonder Mr. Bush wants to talk about standing tall in the desert. Despite the risk, that is his best political bet.

The New York Times.

100, 75 AND 50 YEARS AGO

1890: Armenian Misery

PARIS — The *Daily News* atrocity correspondent telegraphs: "I have received a letter from Alashgerd praying that I would make known to the European public the miserable condition of the Armenian population there. The letter states that the Kurds are burning and raiding the harvest, carrying off the livestock, seizing flour at the mills and beating any who resist, and that the Turkish military and civil authorities are doing nothing to hinder them. People are virtually prisoners of their villages and the Turkish authorities have ordered the arrest of all persons without passes."

1915: A German Apology

THE HAGUE — Germany is apparently beginning to realize the unwisdom of her persistent violation of neutral rights and she has just apologized for two such acts. In the first instance, the Government at Berlin explains that the German aviator who attacked the Dutch trawler Hibernia did so in ignorance of the vessel's nationality, and in the second instance Germany repudiates the action of one of her submarine commanders, who burned the Danish timber-laden schooner Salvador.

1940: 'Terrific Blasts'

LONDON — Big buildings in the heart of London were ripped apart by terrific blasts of 500-pound bombs early today [Sept. 10] as waves of Nazi raiders heaped destruction on the city. A bomb struck an air-raid shelter, burying a large number of persons. Air-raid workers began digging frantically in an effort to save them. In some sections of London it looked as if an earthquake had shaken down the buildings. It was feared that the estimated toll of 600 dead and 2,500 to 3,000 wounded in the week-end's raids might be increased considerably before dawn.

— From the New York edition of the New York Herald Tribune.

FOR STORING VIDEO IMAGES

Herald Tribune
BUSINESS/FINANCE
** MONDAY, SEPTEMBER 10, 1990

FOR STORING INFORMATION
In Touch with Tomorrow
TOSHIBA

EUROBONDS

World Bank Plans Note Geared Toward Rate Cut

By Carl Gewirtz
International Herald Tribune

PARIS — The World Bank expects to launch its biggest and shortest global bond this week. Officials report that if market conditions permit, the bank on Tuesday will offer simultaneously in the international capital market and the domestic U.S. and Japanese markets up to $2 billion of five-year notes. The paper would be priced on Wednesday under this tentative timetable.

The World Bank's two previous global issues were 10-year and seven-year bonds, each for an amount of $1.5 billion. The selection of a relatively short maturity is well timed, bankers report.

The World Bank's third global issue would be its biggest and shortest so far.

It is widely assumed that the next move in short-term U.S. interest rates will be down in response to a slowing economy that many still fear could tumble into a recession.

But because inflation fears are still strong, analysts believe any cut in rates will radiate through the maturity spectrum rather irregularly. In this scenario, short rates would edge down while longer term rates would remain steady — reflecting worries about a pick-up in inflation. Five-year paper would probably be at the far end of the market benefiting from a rate cut.

Bankers also expect the new issue to be priced attractively. The large targeted amount, the uncertain state of the market and lingering criticism about the tight pricing on the previous seven-year issue all speak for generous terms on the new issue.

This means pricing the paper to provide investors a yield pick-up of 30 basis points, bankers add, about a third of a percentage point, over comparably dated U.S. government paper.

The main focus of the Eurobond market last week was the rush of Japanese banks seeking to augment their supplementary capital via the sale of subordinated floating rate notes. Japanese banks, which traditionally have operated on a smaller capital base than their international competitors, are now scrambling to meet new international standards that begin to come into effect at the end of this year.

THESE RULES require banks to have capital equal to 7¼ percent of their assets, which are weighted according to uniform risk standards.

The banks had expected to meet the targets without any difficulty, but the continuing decline of Tokyo stock prices — down 38 percent so far this year — has seriously eroded one supplementary measure of capital. Up to 45 percent of unrealized gains on equity holdings can be used to bolster capital.

The rush to raise additional supplementary capital is aimed at both making up for the diminished resources from equity holdings and as a precaution against a further erosion if Tokyo stock prices continue to fall.

Fuji International and Saitama Bank tapped the market indirectly, using Merrill Lynch as a conduit, while Mitsui Taiyo Kobe borrowed in the name of an offshore subsidiary, as did Bank of Tokyo and Nippon Credit Bank. In all, $2.9 billion of subordinated Japanese bank paper was marketed last week and more issues are expected.

The notes all have a 10-year maturity, are callable after five years and have interest rates reset every three months. The Bank of Tokyo and Fuji are paying interest of ¼-point, or 25 basis points, over the London interbank offered rate. Mitsui Taiyo Kobe and Nippon Credit Bank are paying a margin of 30 basis points but Nippon Credit's cost is lower since it priced its notes at 100¼ compared to the par pricing on Mitsui Taiyo Kobe.

Saitama paid a split margin — 32½ basis points over Libor for the first five years and 42½ in the final five years.

Terms on the Saitama issue, launched Friday, better reflected real conditions than the earlier issues, bankers said, but still were a distance away from where subordinated bank paper was trading in the secondary market.

Bankers noted that subordinated FRNs of National Westminster and Crédit Lyonnais could be purchased at a yield of 43 basis points over Libor.

The story going round the market is that the Japanese banks are leaning on their biggest clients to purchase paper and goosing up the real return for them by providing these customers with below-Libor loans with which to buy the notes.

The problem about placing such paper is that FRNs are traditionally purchased by banks, who can finance themselves at a cost substantially below Libor. But the banks are restricted from purchasing subordinated bank paper.

To prevent a false "pyramiding" of bank capital, many regulatory authorities require that banks deduct from their own capital

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EC Fails to Bridge Divide on Monetary Union

Reuters

ROME — Only four months away from a major conference scheduled to propel the European Community toward economic and monetary union, the 12 EC nations find themselves as divided as ever on whether and how to transform their individual monies into a single currency.

Britain appeared over the weekend to have secured the backing of several major EC states for key elements of its counterproposals to the controversial Delors plan.

At a meeting of EC finance ministers held on Saturday, Spain — supported by Portugal and Greece — called for a longer timetable to achieve the final goal of a single currency and voiced support for elements of the British plan to promote use of the European currency unit.

The talks appeared to hand British Chancellor of the Exchequer John Major a victory in his campaign to break out of isolation within the community over economic and monetary union.

Mr. Major said he won new sympathizers for his go-slow approach to monetary union. "Of the 12," Mr. Major said after the meeting, "nine in one form or another saw some merit in elements of our proposals."

Monetary officials said West Germany and the Netherlands also argued against setting a swift timetable on the road to a single currency, marking a setback for a "fast track" group of countries led by France and Jacques Delors, the president of the European Commission.

The plan put forth by Mr. Delors calls for single European currency promptly after the 12 nations create a single market for goods and services as of Jan. 1, 1993. A single currency, in Mr. Delors' view, would bind the European economies more closely together and eliminate the cost of exchanging money from one currency to another as it crosses borders.

France, Italy and Belgium, supported by the EC commission, had wanted to force the pace on the basis of the Delors plan and set a January 1993 date for the creation of a federally structured European central bank.

But officials said a clear majority of EC states were now firmly against setting a timetable, especially at a time when the economic outlook has been clouded by the Gulf crisis.

"There is no sense in putting yourself under pressure by imposing deadlines if you can't keep to them," Finance Minister Theo Waigel of West Germany said.

Treasury Minister Guido Carli of Italy, the host to the Saturday session, claimed that "some progress has been made in identifying ways in which differences can be met."

But he conceded that the 12 finance ministers were far from a consensus on all the delicate issues involved in abandoning individual currencies.

Karl Otto Pöhl, director of the Bundesbank, was asked whether the meeting advanced the cause of monetary union. "Not at all," he said.

Finance ministers devoted the first half of a one day informal meeting here to a debate on the future course of plans for economic and monetary union, one of the most divisive topics facing the 12-nation community.

The majority argued that the economic differences between the 12 needed to be narrowed before pushing ahead with complex plans for a central bank and single currency.

"We want economic and monetary union to cement unity and not create disparity within the community," said Mr. Major.

The shift in alliances followed a campaign by Mr. Major to "sell" the British counterproposals to his EC partners, including a visit this week to Lisbon and Madrid.

His plan focuses on turning the ECU basket of EC currencies into a currency in its own right, dubbed the "hard ECU." This would be managed by a European Monetary Fund and could — but would not

See MONETARY, Page 11

Oilmen To Visit Moscow

U.S. Aid Linked To Gulf Stance

United Press International

NEW YORK — The United States appears ready to speed up help to the ailing Soviet oil industry because of Moscow's support for the U.S. position on the Gulf crisis.

Oilmen are heavily represented in a group of 15 American businessmen that will tour the Soviet Union this week, along with Commerce Secretary Robert Mosbacher, in an attempt to bolster lagging Soviet oil output and improve trade.

The mission was arranged before Iraq's Aug. 2 invasion of neighboring oil-rich Kuwait.

But the Soviet stance on the Gulf, which President George Bush has called "real and very helpful support," appears to have made the United States willing to accelerate aid to the Soviet oil industry.

"If they had taken a different position, our attitude might not have been so positive," Mr. Mosbacher told reporters in New York last week, before the group departed.

The Soviet Union is the world's largest oil producer and oil exports account for about half of its sorely needed hard-currency earnings.

But the country's oil production is dropping and Moscow needs U.S. technology and know-how to reverse the trend.

Soviet output is forecast to fall by about 600,000 barrels this year to an average of 11.5 million to 11.6 million barrels a day, said Robert Ebel, international vice president of Enserch Corp. in Washington.

Even if deals were made soon, it probably would be two years before help from Western oil companies could reverse the decline, said Mr. Ebel, a former Soviet affairs analyst for the Central Intelligence Agency.

It is in the United States' interest to help the Soviets increase production, Mr. Ebel said.

"We would not want another competitor for Middle East oil because of the current dependence of the United States, Europe and the Pacific Rim nations on oil from the region," he said.

Ken Derr, chairman of Chevron Corp., will be among those in the group. The company announced in June it was studying the feasibility of including the huge Tengiz oil field near the Caspian Sea in a joint venture it has been discussing with Moscow for two years.

China Tries New Bid for GATT Role

Agence France-Presse

BEIJING — Chinese officials will travel to Geneva this week to ask for Beijing's return to GATT as compensation for its moves toward a market economy, the official China Daily newspaper said Sunday.

China's chances of having the General Agreement on Tariffs and Trade accept its request were higher now than in December, the Chinese delegate, Li Zhongzhou, was quoted as saying.

In December GATT refused China's entry, particularly because its leadership had returned to hardline socialism and strict centralization after moves to liberalize its economy.

"It is time to clear up all the misunderstandings," said Mr. Li, an official in the Ministry of Foreign Economic Relations and Trade.

"The country has demonstrated to the outside world determination to carry out further reforms," he said.

The official said GATT had wrongly assessed last year's events in Beijing — a reference to the crackdown on pro-democracy protests — as well as the austerity program aimed at checking inflation and cooling the overheated economy.

Referring to GATT's doubts about reforms that the senior Chinese leader Deng Xiaoping initiated 10 years ago, Mr. Li said: "Such doubts should no longer be necessary after China's steady pursuit of further opening to the outside world in the last nine months."

Although he did not elaborate, Mr. Li announced plans for the adoption of legislative reforms by October favoring "equal competition."

Moreover, as a result of the new political approach, business leaders will soon be responsible for their profits and losses, while the law will protect their companies from *interference government officials.*

China, among the founding members of GATT in 1947, withdrew from the organization in 1949 and has opposed Taiwan's membership since then.

■ Farm Consensus Expected

Asian and Pacific nations meeting this week on trade were expected to form a consensus in opposition to the European Community policy of maintaining high farm subsidies, Reuters reported from Vancouver.

Analysts say such accord is vital if GATT is to meet its goal of sweeping reforms in trade in farm goods and services by its self-imposed deadline of next December.

Growing U.S. Airlines Hit a Downdraft

By Agis Salpukas
New York Times Service

NEW YORK — The sharp rise in jet fuel prices and weakening passenger traffic have caught the largest U.S. airlines just as they are adding routes and planes in record numbers. But most carriers say they are sticking to their ambitious expansion plans despite the threat of having surplus planes and workers at a time of high costs and low demand.

Helane Becker, an airline analyst for Shearson Lehman Bros., said the fuel-cost increases and continuing decline in the economy had caused her to revise her industry earnings forecast for this year. Instead of a pretax operating profit of $500 million, she now expects the airlines to lose $1.2 billion.

Many airline executives agree with her general assessment. "The industry is in pretty ugly shape in terms of its financial results," said Donald J. Carty, senior vice president of finance and planning at AMR Corp., parent of American Airlines, the largest U.S. carrier.

Despite the erosion in their profits and passengers now, most major carriers say they are hoping that in the long term they will gain large savings in fuel and labor costs because the new planes are more fuel efficient and use mostly two-person cockpit crews instead of three-person crews. They also say they are gambling that the rise in fuel prices will end relatively soon and that eventually, the overall improvements in their flight and ground operations will pay off in attracting more passengers.

While the new planes use less fuel than older models, the airlines are not getting them fast enough to prevent operating costs from climbing.

The financially strong carriers, like American, United, Northwest and Delta, could capitalize on the current problems in the long run by gaining new markets and being ready to take advantage of an economic recovery.

But weaker ones, like USAir, Pan Am and Trans World Airlines, which are pulling back, could end up losing market share by being stuck with older planes, dated terminals and less desirable routes.

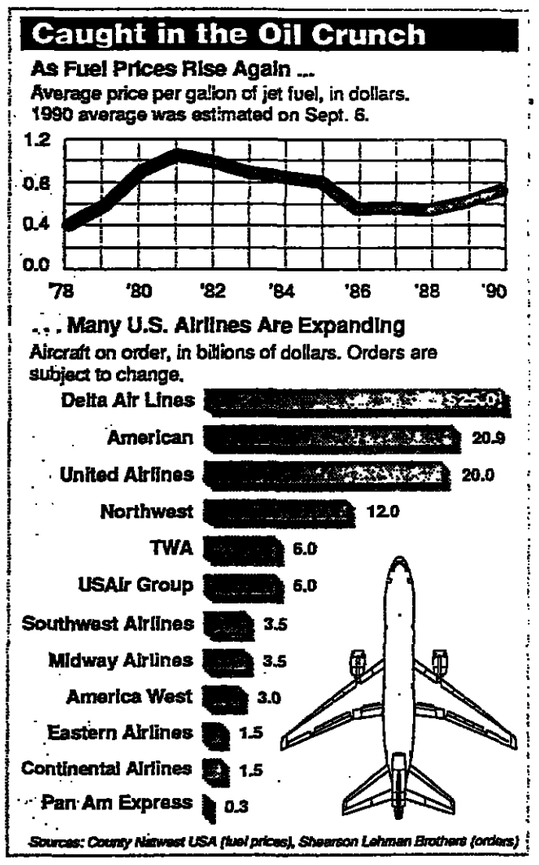
One immediate result is that airline stocks have been battered since the Aug. 2 invasion of Kuwait by Iraq, with all the major carriers showing big declines.

The industry, which raised fares by 5.3 percent at the end of August, is preparing the ground for another round of increases. Executives say they will be needed to cover jumps in fuel prices because the supply of oil and refined fuel has fallen during the Middle East crisis.

■ Carrier Cancels Debt Issue

Problems in the U.S. airline industry have prompted American Airlines to cancel plans to issue $300 million in interest-deferred, convertible debt securities, United Press International reported from Fort Worth, Texas.

American officials said the debt securities — called liquid yield option notes — were to be tied to the stock price of its parent, AMR Corp. But AMR's stock has fallen 27 percent since July 18, the day before the issue was announced.



Taking Their Money Home, Japanese Rattle U.S. Nerves

By Carl Gewirtz
International Herald Tribune

PARIS — In a move that U.S. officials have long feared could disrupt the American economy, Japanese investors have reversed a seven-year buying spree and steadily sold dollar securities in recent months.

The sales, which were initiated around the start of this year, are part of a major shift in the international flow of money, in which the largest suppliers of funds — Japan and West Germany — are pulling money home.

The implications for the United States, the world's largest deficit *nation*, are sobering. Some 20 percent of the roughly $3 trillion federal debt is held by non-U.S. investors.

Because the U.S. economy is heavily dependent on foreign capital, the change in capital flows means long-term U.S. interest rates are unlikely to decline significantly, offering no relief to an economy that may already be heading into a recession, analysts said. The shift in capital flows also is expected to continue to drive down the value of the dollar.

"The Reagan party is over," says Arnold Simkin, a London-based economic consultant, referring to the enormous build-up in debt from budget deficits during the Reagan administration. "Now comes the hangover."

Unofficial data circulated in Tokyo last week showed that for the first time in seven years, Japanese investors this year had become net sellers of U.S. dollar securities. The data shows Japanese net sales in the first half totaled $8.9 billion.

The figure is tiny compared to the holdings Japanese investors have accumulated in recent years. *Last year alone, for example, the* Japanese were net purchasers of some $80 billion in U.S. securities.

Nevertheless, the change in direction of the flows coincides with a *squeeze* on the capital ratios of Japanese banks that is constraining their appetite for new business.

As a group, the Japanese banks are the largest suppliers of interbank funds — the wholesale market that serves as the fountainhead for all international lending. Any pullback in their lending, coming at a time when Japanese investors have turned into sellers of U.S. securities, could result in even less foreign money available to finance the U.S. deficit.

In Germany, meanwhile, short-term capital outflows this year have declined dramatically as German reunification has generated huge capital needs at home. Such outflows totaled almost 103 billion *Deutsche marks in calendar* 1989, but in the year ending in June the outflow was almost halved to 53.4 billion DM.

The implications, analysts say, are that the yen and Deutsche mark will continue to appreciate as capital outflows are cut, and that interest rates elsewhere will be pushed up.

Short-term U.S. interest rates are expected to be cut soon to keep the economy from slipping into a recession. But with the world's two largest creditor nations neither willing nor able to go on financing the world's largest debtor, long-term interest rates in the United States are less likely to decline and could actually rise.

Many experts, including Paul A. Volcker, *the former chairman of* the Federal Reserve Board, have for years decried domestic policies that fostered the reliance on foreign capital and warned about unpleasant consequences if the supply were to be shut off.

John Lipsky, a London-based analyst for Salomon Brothers, says the unfolding data on capital flows indicates that "there is unlikely to be any significant decline in long-term U.S. interest rates" even if short-term rates fall.

"Continued high nominal interest rates in countries with weakening economies is not a hopeful sign of a quick turnaround in the slowdown," he warns.

"There's no question, we are going to be vulnerable to foreign financial developments," says Rimmer de Vries, J.P. Morgan's economist in New York. "The U.S. bond market will be very vulnerable, and very volatile."

He believes that the Federal Reserve "will have to ease short-term rates, but it will feel constrained and drag its feet." All this, Mr. de Vries adds, "increases the risk we will be in a recession by the end of *the year.*"

[Treasury Secretary Nicholas Brady on Sunday renewed his call for the Federal Reserve to sanction a cut in interest rates and said the dollar's fall was not precipitous, Reuters reported from Washington. He said that lower rates would

See FLOW, Page 11

Bankers Cheer IMF Accord on Loan to Brazil

Reuters

SAO PAULO — Foreign bankers welcomed Brazil's preliminary agreement with the International Monetary Fund on a $2 billion loan, seen as a first step toward mending relations with commercial banks.

The central bank president, Ibrahim Eris, announced in Washington on Friday that Brazil and the IMF had agreed on all points, and that a letter of intent would be presented to the IMF in about a week.

Joel Korn of the Bank of America said: "The agreement is a positive point and an important step towards normalizing Brazil's relations with the international financial community."

The agreement puts in place another cornerstone of the economic policy of Fernando Collor de Mello, the young president who has pledged to modernize Brazil.

Economy Minister Zelia Cardoso de Mello said the accord was a fruit of the government's tough anti-inflation measures and opened the way for Brazil to begin negotiations with bankers on better terms for its $116.9 billion foreign debt.

The preliminary IMF agreement is Mr. Collor's first major achievement in external economic policy and it won him good press.

The newspaper O Estado de São Paulo said Sunday, "The Collor administration has made the first step in the restoration of something that Brazil had lost — credibility."

CURRENCY RATES

Cross Rates

Sept. 7

	$	£	D.M.	F.F.	Lire	D.Fl	B.F.	S.F.	Yen	Cr	Peseta
Amsterdam	1.7585	3.3345	1.127	0.3264	0.1572 a	——	5.482 a	1.3531	1.222 a	1.51	1.792 a
Brussels	32.67	61.925	20.937	6.126	2.9563 a	18.241	——	25.1525	0.2284	27.59	33.77 a
Frankfurt	1.5608	2.959	——	0.2985	0.1501 a	0.9574	4.864 a	1.2913	1.111 a	1.3438	1.584 a
London (a)	1.8895	——	1.0653	1.9733	2.2804.50	2.2373	60.785	2.4675	245.19	2.30	785.71
Madrid	97.84	185.385	63.87	18.72	8.668 a	55.46	3.0522	75.22	68.23 a	84.35	——
Milan	1,140.95	2,284.88	745.95	222.41	——	650.96	34.384	865.94	8.29	999.28	11,898
New York (b)	——	1.892 a	1.5885	5.2535	1,171.00	1.7453	32.765	1.3055	148.10	1.163	98.295
Paris	5.2285	9.9085	3.3499	——	0.4492 a	2.9728	0.1029	4.021	27.733 a	4.49	5.339 a
Tokyo	148.39	281.64	93.88	26.96	8.721	88.13	4.3955	108.16	——	153.07	1.429
Toronto	1.3497	2.5585	0.7422	0.2215	0.094 a	0.6587	3.617 a	0.8914	0.8354 a	——	1.361 a
Zurich	1.3035	2.4645	0.8825	0.2409	0.1174 a	0.7286	4.0565 a	——	0.9288 a	1.1719	1.3222 a
1 ECU	1.5228	0.697	2.862	4.967	1,538.23	1.2257	42.3843	1.7183	185.553	1.5288	130.378
1 SDR	1.3715	0.7245	2.1719	7.2756	1,679.87	2.4471	46.6564	1.8897	195.371	1.6142	134.147

Closings in London and Zurich, fixings in other centers; New York closing rates, Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	6790.3	Greek drac.	154.45	Mex. peso	2887.00	S. Afr. rand	2.5655
Austral. $	1.2136	Hong Kong $	7.7655	N. Zealand $	1.5987	Soviet ruble*	0.5039
Austr. schil.	10.94	Indian rupee	17.437	Norw. krone	6.827	Swed. krona	5.7325
Brazil cruz.	65.91	Indo. rupiah	1850.00	Peruv. peso	24.70	Taiwan $	26.98
Chinese yuan*	4.72	Irish £	0.5816	Port. escudo	138.25	Thai baht	25.38
Danish krone	5.95	Israeli shek.	1.95	Saudi riyal	3.75	Turkish lira	2671.65
Egypt. pound	2.7124	Kuwaiti dinar	n.a.	Sing. $	1.758	UAE dirham	3.6725
Fin. markka	3.68	Malay. ring.	2.686	S. Kor. won	714.20	Venez. bolív.	48.75

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.8853	1.8740	1.8648	Canadian dollar	1.1701	1.1749	1.1786
Japanese yen	148.35	148.31	148.26	Swiss franc	1.2980	1.2974	1.2968

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Sept. 7	Aug. 31	Change
DJ Indus.	2,619.55	2,614.36	+ 0.20 %
DJ Util.	200.89	195.93	+ 2.53 %
DJ Trans.	908.28	901.44	+ 0.76 %
S & P 100	306.80	306.40	+ 0.13 %
S & P 500	323.40	322.56	+ 0.26 %
S & P Ind	382.65	382.03	+ 0.16 %
NYSE Cp	177.51	176.97	+ 0.31 %
Britain			
FTSE 100	2,122.90	2,162.80	— 1.84 %
FT 30	1,638.50	1,693.60	— 3.25 %
Japan			
Nikkei 225	23,942.	25,978.	— 7.76 %
West Germany			
DAX	1,562.92	1,629.51	— 4.09 %
Hong Kong			
Hang Seng	3,047.91	3,087.50	— 1.28 %
World			
MSCIP	462.40	472.60	— 2.16 %

World index from Morgan Stanley Capital Int'l.

Money Rates

United States	Sept. 7	Aug. 31
Discount rate	7.00	7.00
Federal funds rate	8 1/16	8 1/16
Prime rate	10.00	10.00
Japan		
Discount	6.00	6.00
Call money	7%	7%
3-month interbank	8 3/16	8 5/32
West Germany		
Lombard	8.00	8.00
Call money	8.05	8.10
3-month interbank	8.45	8.40
Britain		
Bank base rate	15.00	15.00
Call money	15.00	15.00
3-month interbank	14 15/16	14 31/32

Gold	Sept. 7	Aug. 31	Change
London p.m. fix $	384.60	387.75	— 0.81 %

ÉLYSÉES LONG TERME
SICAV
Luxembourg, 11, rue Aldringen
R.C. Luxembourg B 24641

Avis de convocation

Messieurs les Actionnaires sont convoqués par le présent avis à l'Assemblée Générale Statutaire de notre société qui aura lieu le 25 septembre 1990 à 15.00 heures au siège social, avec l'ordre du jour suivant:

Ordre du jour

1. Examen du rapport de gestion du Conseil d'Administration, du rapport du Réviseur d'Entreprises agréé, des comptes annuels et de l'affectation des résultats.
2. Décharge aux Administrateurs pour l'exercice de leurs mandats.
3. *Renouvellement du mandat du Réviseur d'Entreprises agréé pour* une année.

Les décisions concernant tous les points de l'ordre du jour ne requièrent aucun quorum. Elles seront prises à la simple majorité des actions présentes ou représentées à l'Assemblée. Chaque action donne droit à un vote. Tout actionnaire peut se faire représenter à l'Assemblée.

Le Conseil d'Administration


GENTLEMAN
GIVENCHY
56 RUE FRANCOIS-Ier - 75008 PARIS

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. September 7

Australian Dollars

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
A B N Austral	14½	94	97½	18.70	
Amro Bank	12¾	90	96¾	49.45	
Anz Bk Gp	n.a.	91	84¼	32.54	
Anz Bk Gp X/w	13	92	93½	17.22	
Austri Control	12¾	93	95		
Austri Control	13¾	94	98	14.30	
Austria	14¼	92	100	14.09	
B M W Fin	14½	92	100	14.33	
B N P	14	91	99	14.86	
B N P	14	91	98¾	14.72	
B N P	12½	93	95½	14.47	
B P Capital	14⅝	92	99¾	14.13	
B P Capital	12¾	92	97¾	14.35	
B P Capital'A'	13¾	92	99	14.32	
Bayernhyp Fin	13¾	90	96⅝	39.03	
C B A	12¾	93	96	14.43	
C B A	15¾	94	101½	14.58	
C B A	14	94	98¾	14.40	
C B A	14	95	97⅞	14.62	
C B A	13¾	99	97¼	14.31	
C I B C Austrl	14⅝	90	97½	22.54	
Chrysler	13¾	92	93	18.19	
Council Europe	14	92	100	13.96	
Council Europe	13	93	97	14.42	
Cr Lyonnais	13	91	98¾	14.63	
Cr Lyonnais	14	91	99	14.87	
Cr Lyonnais	13¾	90	97	64.16	
Cr Suisse	14¼	92	99¾	14.78	
Creditanst	12¾	90	96¼	85.04	
D F C Finance	13	90	35	n.a.	
Daimler-Benz	14¼	95	100	14.21	
Denmark	14	98	99¾	15.19	
Denmark	12¾	93	93¾	15.13	
Deut Bk	14¼	92	98½	14.86	
Deut Bk	13¾	93	97	14.54	
Deut Bk	12¾	95	93	14.92	
Deut Bk	12¾	93	97½	12.95	
Deut Bk	12¾	98	96	45.35	
Deut Bk Aust	14½	95	103¾	13.41	
Deut Bk Fin	14½	92	99½	14.70	
Deut Bk Fin 82	14	93	100⅝	13.93	
Deut Bk Fin	14	95	99½	14.23	
Deut Bk Fin	15	94	101½	14.35	
East Kodak	n.a.	92	71⅝	22.88	
Eurofima	12½	93	95½	14.53	
Eurofima	13½	94	97⅛	14.67	
Eurofima	13	95	96½	14.04	
F B D B	13	90	100¼	13.40	
Ford Cred Aus	14	92	98¾	14.74	
Ford Cred Aus	13	93	96½	14.66	
Ford Cred Aus	13½	93	96½	14.93	
Ford Cred Aus	15¾	94	101⅝	14.06	
Ford Motor Cr	13⅝	90	99⅞	15.72	
Ford Motor Cr	13¾	91	99	15.01	
Ford Motor Cr	15¾	94	100	15.19	
Girozentr Wien	13¼	92	97	14.85	
GMAC	14¼	91	99¼	14.65	
GMAC Aust	12½	91	98	14.64	
GMAC Aust	13¾	92	97	14.95	
GMAC Aust	13¾	92	98¼	14.84	
GMAC Aust	16	92	101½	14.98	
GMAC Aust	15¾	93	100¾		
GMAC Aust	16	92	101¾	14.60	
Heinz	12¾	91	98	15.02	
I B M Aus Cred	12¾	92	97½	14.54	
I B M Aus Cred	13	92	97½	14.54	
I B M Aus Cred	16	92	102¼	14.64	
I B M Aust	13¾	91	98⅝	14.73	
I B M Aust	15½	92	101	14.67	
I C I	15	92	99¼	14.56	
I C I	15¾	92	101¼	14.48	
Mcdonalds	14⅝	91	99½	14.66	
Mcdonalds Con	15	95	99¾	15.10	
Montreal Tsico	14¾	90	97¼	23.41	
N S W Treasury	14¼	92	99¾	14.64	
Natl Austrl Bk	14¾	94	100	14.65	
O L B	13⅝	91	97	16.77	
S E C Victoria	12¾	95	93⅝	14.22	
S E K	13¾	91	98½	14.88	
S E K	14½	92	99¾	14.49	
S E K	12¾	93	94½	14.77	
Skandi Enskild	13¾	90	99⅝	15.85	
Soc Gen	13	92	97½	14.77	
Soc Gen	12½	93	95¼	14.68	
St Bk Nsw	12⅞	91	98⅞	14.79	
St Bk Nsw	13⅞	93	98½	14.42	
St Bk Nsw	14¼	94	100	14.25	
St Bk Nsw	14⅝	99	99¼	14.60	
St Bk Sth Aust	15¼	94	101	14.79	
Sth Aust Govt	n.a.	94	54	15.61	
Sweden	15	94	101½	14.33	
Sweden	13¾	98	98¾	14.23	
Tor-Dom Aust	16¼	92	102	15.00	
U B S Fin	14	94	99¾	14.09	
Volkswagen	15	94	102¼	14.07	
World Bk	13⅞	92	98¼	14.45	
World Bk	14¼	94	99¾	14.42	
World Bk	12¾	94	95	14.41	
World Bk Feb	14¼	92	99	14.32	
World Bk Jul	12¾	93	95½	14.75	
World Bk Mar	12¾	93	95¼	14.92	
Westlb Fin	13¾	90	96¾	68.58	

Canadian Dollars

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
A I D C	10	91	93¼	11.53	+90
A I D C	10¼	93	95¼	12.18	+124
A K Z O	11	91	98¾	12.38	+130
Abbey Natl	10¼	92	96¾	11.99	+108
Abbey Natl	10⅛	93	96	12.37	+143
Alberta Prov	10¼	94	97¾	11.44	+53
Amer Genl	10	91	97¾	12.51	+143
Amex	10¼	90	99½	11.59	+91
Arco Fin	11	93	96½	12.47	+156
Asik-Caer	10¾	91	97½	12.48	+140
Asik-Caer	11½	91	99¼	12.30	+122
Austri Control	10⅛	92	98½	11.63	+50
Austri Control	11¾	95	100¾	11.71	+78
Austri Control	10¾	99	91⅞	11.76	+72
Austri Control	9	97	91½	10.86	-17
Austri Sparkas	9⅞	92	96¾	11.86	+80
Avco Fin Serv	11⅜	92	98¼	12.57	+154
Avco Fin Serv	10¼	92	96½	12.63	+156
B C Province	13½	91	100⅝	12.06	+98
B C Province	9¼	96	89¾	11.81	+85
B C Telephone	12¾	89	99⅞	12.73	+45
B F C E	10	93	94⅝	11.74	+63
B N P	10⅛	94	95⅛	11.64	+73
B N P	10⅛	91	98½	12.21	+113
B N P	11½	92	97⅞	12.42	+134
Bacob Finance	11½	91	99	12.94	+186
Bayernhyp Fin	10⅛	92	97¾	11.82	+80
Bca Lavoro	11¼	91	99¼	12.18	+110
Bell Canad Rep	9⅞	98	99¾	12.33	+136
Bell Canada	9⅞	99	93¾	11.76	+71
Bell Canada	10⅝	04	93¼	11.84	+84
Bell Canada	10	91	98½	12.56	+148
Bell Canada	9⅝	06	83⅜	11.70	+72
Bell Enterprs	9⅛	94	95⅛	11.83	+87

ECU Straights

Issuer	Cpn	Mat	Price	Yld	
A B B	8⅝	94	91	11.40	+82
A K Z O	8⅝	94	90½	10.90	+26
Abbey Natl	10⅝	93	97¼	10.87	
Abbey Natl	9	92	96⅝	11.87	+31
Aegon	7⅝	93	95⅛	11.02	+36
Aegon	7⅛	91	96¾	11.85	+62
Aegon	7¼	95	85⅞	11.13	+35
Aerospatiale	7⅝	92	95½	11.14	+46
Afric D Bk 'B'	9⅝	91	96⅝	10.96	+29
ABN	9⅝	92	97⅞	11.11	+41
All Nippon Air	9	95	92	11.29	+51
Amex	7⅝	91	97	11.38	+76
Andelsbanken	9⅝	92	97	11.14	+37
Anz Bk Gp	10⅝	91	99⅛	11.52	+90
Anz Bk Gp	9⅝	92	97⅝	11.35	+51
Anz Bk Gp	8	93	92½	11.38	+42
Asfinag	10½	95	98½	5.17	
Asik-Caer	7⅝	92	94⅛	11.10	+34
Austri Control	8⅝	94	94¼	10.49	
Austri Control	9⅝	94	97⅝	10.27	
Austri Control	10⅝	95	101	10.43	
Austri Control	7⅝	93	92⅝	10.89	+11
Austria	7⅛	94	91⅛	10.45	
Austria	7⅝	93	94⅛	10.37	
Austria	8⅝	93	96⅝	10.25	
Austria	10⅝	93	99⅝	10.94	+15

Yen Straights

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
A I D C	6	96	91	8.07	
Abbey Natl	5¾	93	92	8.44	
Abbey Natl	5⅜	94	89½	8.51	
Allied Corp	6⅛	91	98	8.34	
Amex	5¾	91	95⅛	8.54	
Amex	5⅞	93	94¾	8.13	
Arco	6⅛	96	90	8.44	
Asian Dev Bk	7⅛	94	97	8.39	
Austr Telecom	5⅜	98	85	8.12	
Australia	5½	91	97⅝	8.45	+35
Austri Control	5⅜	91	97¼	8.46	+36
Austri Control	4⅝	93	91⅛	8.34	+41
Austri Control	4⅜	92	93	8.74	
Austri Control	5	93	92½	8.41	
Austria	4⅝	94	90⅞	8.22	+16
Austria	7	95	95⅛	8.14	+8
Austria	5¼	96	84⅝	8.07	+9
Austria	5⅜	03	92	7.95	
Austria	5⅝	07	82	7.85	
Austria 'A'	5⅝	96	88⅝	8.09	+2
Austria 'B'	5⅝	01	84	8.13	
B F C E	4⅝	93	91⅝	8.37	+34
B F C E	4⅝	95	89⅝	8.11	
B P	7	92	98	8.42	
Barclays Overs	6	96	87	8.90	+80
Bayer Ldbk	5⅞	91	96	9.04	
Bayer Vereinsbk	5⅞	91	97½	8.72	
Belgium 2 M	4⅝	94	88⅞	8.16	+12
Belgium	4⅝	91	96½	8.75	+48
Belgium	5⅞	92	94⅝	8.19	-10
Bk Tokyo	6⅛	93	93	8.17	
Boca Finance	6	93	93	8.69	
C A E C L	5⅝	94	90½	8.31	
C N C A	5⅛	94	90⅜	8.42	+37
C N C A	4⅝	92	93½	8.22	
C N T	6⅛	92	95⅝	8.55	+3
C N T	4⅝	93	90	8.54	+65
C N T	5¼	94	95⅝	8.29	+53
Can Natl Railw	6⅛	95	92	7.98	
Canada	6⅛	91	98½	8.43	+37
Canada	4⅝	92	93⅜	8.28	-9
Canada	5⅜	93	93⅜	8.15	+12
Canadian Pacif	6⅜	94	93⅜	8.29	
Christiania Bk	5	92	95	8.63	
Christiania Bk	4⅞	92	95	8.62	
Cie Bancaire	4	92	92½	8.67	
Cie Bancaire	5	93	91½	8.65	
Citicorp	6⅛	93	95	8.28	
Coca-Cola	5⅝	96	86½	8.89	+82
Council Europe	7	94	96⅛	8.19	+13
Council Europe	5	92	95⅛	8.42	
Council Europe	5	92	93	8.51	
Council Europe	5⅝	94	91	8.36	
Council Europe	6	96	91	7.98	
Council Europe	5	99	84½	7.50	
Cr Foncier	5⅝	94	89⅞	8.28	+22
Cr Foncier	7⅜	95	96	8.13	+7
Cr Foncier	6⅛	96	93½	8.05	-2
Cr Local	6⅛	94	93⅛	8.16	+16
Cr Lyonnais	6⅛	93	95	8.64	
Cr Natl	5⅝	92	95⅛	8.17	-12
Cr Natl	5¾	93	93½	8.72	
Denmark	7	95	95⅛	8.16	+10
Denmark	6⅛	95	93.050	8.20	+14
Denmark	5⅝	96	86½	8.22	+15
Denmark	5¾	93	94	8.24	
Denmark	6⅛	98	93	7.95	

Pound Sterling

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
A I D C	16⅛	99	85⅞	13.33	+92
Abbey Natl	11⅝	95	96¼	13.46	+90
Abbey Natl	13⅝	95	100	13.31	+101
Alliance	11⅝	94	95¼	13.38	+100
Alliance	11¼	94	91⅝	13.40	+96
Alliance	14⅝	95	103	13.26	+98
Asda-Mfi	10⅝	10	80⅝	12.69	+223
Asda-Mfi	9⅝	02	76⅞	13.77	+221
Asian Dev Bk	9⅝	97	84⅝	12.99	+56
Ass Brit Ports	10⅝	15	81⅛	13.45	+199
Austri Control	12	92	97⅞	13.35	+95
Austria	10⅝	99	87¼	12.99	+49
Austria	9	93	91	13.11	+83
B N P	11⅝	94	95¼	13.14	+85
B N P	12⅝	92	98.060	13.57	+97
B P America	9⅛	94	89⅛	13.09	+80
B P Capital	9⅞	93	92⅛	13.18	+80
Barclays	10⅝	97	87⅛	13.02	+89
Barclays	12	92	97¼	13.47	+87
Barclays Fin	9⅛	93	92⅜	13.25	+87
Blue Circle	10⅝	13	82.062	13.25	+179
Brit Aerospace	10⅝	14	80⅛	13.40	+197
Brit Airways	9⅞	97	84	13.22	+80
Brit Airways	10	98	82⅝	13.20	+86
Brit Airways	10⅝	08	84⅝	13.17	+171
Brit Gas	12¾	93	99⅝	12.93	+45
Brit Gas	12	95	97⅞	13.00	+56
Brit Telecom	12¾	93	101⅛	13.01	+43
C N T	8	97	87⅛	12.88	+40
Commerzbank	10⅝	94	93⅜	13.20	+91
Cr Lyonnais	10⅝	93	95⅛	13.17	+95
Denmark	11⅝	94	97⅛	12.71	+74
Denmark	11	93	95	12.93	+74
Deut Bk	13⅝	95	99⅛	12.63	+63
Deut Bk	12⅝	95	97⅝	12.83	+52

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MUTUAL FUNDS

Figures as of close of trading Friday, September 7.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (Value plus sales charge) Friday.

NL— No initial sales load. f— Previous day's quote. r— Redemption charge may apply. x— Ex dividend.

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Bank of Tokyo (Curacao)	$700	2000	¼	100	—	Over 3-month Libor until 1995 and 0.35 over thereafter. Callable at par in 1995. Fees 0.25%. Denominations $50,000. (Bank of Tokyo Capital Markets.)
Fuji International Finance	$700	2000	¼	100	—	Over 3-month Libor until 1995 and 0.35 over thereafter. Callable at par in 1995. Fees 0.30%. Denominations $10,000. (Fuji Int'l Finance.)
Mitsui Taiyo Kobe Asia	$1,000	2000	0.30	100	—	Over 3-month Libor until 1995 and 0.40 over thereafter. Callable at par in 1995. Fees 0.20%. Denominations $100,000. (Mitsui Taiyo Kobe Int'l.)
Nippon Credit Bank (Curacao) Finance	$400	2000	0.30	100¼	—	Over 3-month Libor until 1995 and 0.40 over thereafter. Callable at par in 1995. Fees 0.30%. Denominations $100,000. (Nippon Credit Int'l.)
Saitama Bank	$100	2000	0.325	100	—	Over 3-month Libor until 1995 and 0.425 over thereafter. Callable at par in 1995. Fees 0.30%. Denominations $10,000. (Merrill Lynch Int'l.)
Staatsbank Berlin	DM 6,000	1994	0.05	100	—	Over 6-month Fibor. Noncallable. Fees 0.10%. (Westdeutsche Landesbank.)
Mortgage Securities Number 2	£ 50	2028	0.18	100	—	Over 3-month Libor until 1999 and ½ over thereafter. Callable at par in 1994. Average life 6 years. Fees 0.60%. Denominations $100,000. (J.P. Morgan Securities.)
TMC Pimbs Fifth Financing	£ 250	2028	¼	100	—	Over 3-month Libor until 2000 and ½ over thereafter. Noncallable. Fees 0.25%. (Salomon Brothers Int'l.)
Swedish Export Credit	ECU 100	1993	0.35	100.10	—	Below 3-month Libor. Redeemable at par on every coupon date. Fees 0.10%. Denominations 100,000 ecus. (Mitsubishi Finance Int'l.)
Fixed-Coupons						
Kansai Int'l Airport	$170	1997	9½	101.85	100.30	Noncallable. Fees 1⅝%. Denominations $10,000. (Bank of Tokyo Capital Markets.)
British Gas	£175	1993	13	101.525	—	Noncallable. Fees 1⅝%. (Credit Suisse First Boston.)
Nationwide Anglia Building Society	£ 75	1994	13⅝	102.10	—	Noncallable. Fees 1⅝%. (Midland Montagu.)
Asfinag	ECU 150	1995	10½	101.95	100.15	Noncallable. Fees 1⅞%. (Banque Paribas Capital Markets.)
Council of Europe	C$ 100	1992	11¾	101⅝	100.53	Noncallable. Fees 1⅜%. (Bankers Trust Int'l.)
Deutsche Bank Finance	Aus$ 50	1993	14	101.65	100.35	Noncallable. Fees 1½%. (Deutsche Bank Capital Markets.)
GMAC Australia Finance	Aus$ 75	1995	14¼	101.15	99.40	Noncallable. Fees 2%. (Hambros Bank.)
State Bank of New South Wales	Aus$ 100	2000	6	62.10	—	Noncallable. Fees 2%. (Nomura Int'l.)
Flora 5	Y 10,000	1992	7¼	100.175	—	Noncallable. Redemption amount linked to the price of the Japanese government bond futures contract. Fees 1⅜%. (LTCB Int'l.)
Kansallis-Osake-Pankki	Y 4,000	1991	16.30	101⅛	—	Noncallable. Redemption amount linked to the performance of the Nikkei 225 stock index. Fees 1⅛%. Denominations 10 million yen. (New Japan Securities Europe.)
NKK	Y 30,000	1997	8	101	—	Noncallable. Fees 1⅜%. Denominations 10 million yen. (Daiwa Europe.)
Oesterreichische Laenderbank	Y 3,000	1991	17	101⅛	—	Noncallable. Redemption amount linked to the performance of the Nikkei 225 stock index. Fees 1⅛%. Denominations 10 million yen. (New Japan Securities Europe.)
Toronto Dominion Bank (Cayman)	Y 4,000	1991	16	101⅛	—	Noncallable. Redemption amount linked to the performance of the Nikkei 225 stock index. Fees 1⅛%. Denominations 10 million yen. (New Japan Securities Europe.)
Equity-Linked						
Itoman	$200	1994	5⅛	100	98.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,282 yen per share and at 143.55 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Izumi	$100	1994	open	100	98.63	Coupon indicated at 5⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Sept. 13. (Daiwa Europe.)
Kawasaki Steel	$350	1994	open	100	99.50	Coupon indicated at 5⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Sept. 11. (Nomura Int'l.)
Mitsui OSK Lines	$330	1994	5	100	100.63	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 477 yen per share and at 141.50 yen per dollar. Fees 2¼%. (Nomura Int'l.)
NEC	$350	1994	open	100	102.50	Coupon indicated at 5⅛%. Noncallable. Each $10,000 note with two warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Sept. 13. (Daiwa Europe.)
Nippon Kinzoku	$ 70	1994	open	100	98.75	Coupon indicated at 5⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Sept. 12. (Nikko Securities Europe.)
Sunkyong Industries	$ 40	2005	1½	100	—	Redeemable at 136.48 in 1995 to yield 7⅛%. Convertible from 1992 at 31,881 won per share, a 44.8% premium, and at 715 won per dollar. Fees 2½%. (Nikko Securities Europe.)
Uniden	$120	1994	open	100	99.63	Coupon indicated at 5⅛%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Sept. 11 (Nomura Int'l.)
Misawa Homes	DM 150	1994	5¼	100	102.50	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,835 yen per share and at 91.10 yen per mark. Fees 2¼%. (Nomura Bank Deutschland.)
Shinso	DM 100	1994	5¼	100	99.75	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Sept. 10. (Nomura Bank Deutschland.)
Lasmo	£ 90	2005	7⅝	100	99.50	Callable at par in 2000. Convertible at £5.64 per share, a 15.1% premium. Fees 2½%. (Swiss Bank Corp.)

Jobless Data Nudge Up Prices on Long Bonds

By H.J. Maidenberg
New York Times Service

NEW YORK — Prices of long-term Treasury bonds posted moderate gains Friday and interest rates fell, while the shorter maturities were essentially unchanged.

Dealers said the long end of the Treasury debt market was buoyed somewhat by a rise in the August jobless rate to a two-year high. But the same government report revised downward the number of jobless in the prior two months.

With the employment data considered a wash, bond prices improved on the decline in energy prices and hopes that the administration and Congress would finally tackle the budget deficit.

"Many in the Street expected the August employment data to provoke the Federal Reserve into pushing down interest rates," said Philip Braverman, senior vice president and chief economist at DKB Securities Corp., the domestic arm of the giant Dai-Ichi Kangyo Bank of Tokyo.

"While the employment data tell us that we are indeed in a recession, the Fed seems to want to wait and see how the recent surge in oil prices has affected the economy, among other things."

But Mr. Braverman and many other economists say it is just a matter of time before the Fed moves to reduce key interest rates. The belief that the Fed would have to reduce interest rates as a means of stimulating the economy kept Treasury bond prices in the plus column despite some late selling.

Late in the day, the Treasury's benchmark long bond, the 8.75 percent issue maturing in August 2020, was being offered at 98 11/32, up by 12/32, with the yield falling to 8.90 percent, from 8.97 percent a week ago.

Among the shorter Treasury maturities, which would be the most

U.S. CREDIT MARKETS

immediately affected by any move by the Fed to reduce interest rates, discount rates and prices were basically unchanged.

The discount rate on the 90-day bills was unchanged at 7.39 percent; the six-month bills added a basis point, or a hundredth of a percentage point, at 7.34 percent, and the one-year bills were unchanged at 7.23 percent.

In the intermediate sector, prices and yields on short-term Treasury coupon issues showed modest gains. The new 8⅛ percent notes of 1992 rose 3/32 to 100 8/32, to yield 7.98 percent, and the new 8½ percents of 1995 rose by 4/32 at 100 6/32, to yield 8.44 percent.

The long notes, the 8¾ percents of August 2000, climbed 7/32, to 99 25/32, while the yield fell to 8.78 percent from 8.84 percent.

The yield on the Treasury's long notes are closely watched because they are compared with those on comparable issues of Japan and West Germany.

The yield on the comparable Japanese government maturity climbed to 8.25 percent from 8.14 percent, and that on the West German 10-year bonds rose to 8.99 percent from 8.88 percent a week ago.

Death Knell for Junk-Bond Market

By Floyd Norris
New York Times Service

NEW YORK — The American economy may yet manage to avert a recession, although the odds of that sink each day that the Middle East crisis keeps oil prices high. But even as the economy stumbles along, the imminent death of the junk-bond market becomes clearer.

Already this year, without a recession, Salomon Brothers counts $10 billion in junk-bond defaults, handily surpassing the record of $8.8 billion in 1989.

"I don't think defaults will slow down," said Gabriella Petrucci, who conducted the Salomon study. "We'll see a lot more, especially in attempts to restructure debt."

Announcing the death of a market is always risky. There are still Wall Streeters who talk, with malicious glee, about Business Week's "Death of Equities" cover more than a decade ago.

But while there will always be a stock market, the need for a market in high-yield, high-risk junk bonds is far less obvious.

Existing junk will continue to trade, and some bonds, depressed now, will probably prove to be brilliant investments as the company somehow survives and meets its obligations. But it is unlikely that there will soon be a sizable market for new issues even of relatively high-quality junk.

The really bad stuff, which flooded the market in the last few years, is unlikely to return until a new generation has forgotten the woes of its elders.

After a brutal August, junk-bond prices edged lower last week on very light volume, as stock prices edged up on similar activity.

To default is not to lose everything, Salomon defines default as failing to make an interest payment, filing under Chapter 11 of the bankruptcy code or asking bondholders to swap bonds for inferior new securities.

In some cases, companies that default do come back, and bondholders eventually get their cash.

Overall, Salomon calculates, less than 13 percent of junk bonds issued after 1976 have defaulted.

Some in the junk-bond field claim that shows there has been excessive hysteria.

Another interpretation is that there may be a lot more bad news waiting, especially if a recession does take hold.

Euromarts At a Glance

Eurobond Yields

	Sept 5	Aug. 29
U.S.$, 8 yrs & over	9.42	9.45
U.S.$, 5 to 7 yrs	9.26	9.24
U.S.$, less than 5 yrs	8.80	8.78
Pounds sterling, less than 5 yrs	12.41	12.35
French francs, less than 5 yrs	10.57	10.56
Ital. lire, less than 5 yrs	12.96	13.67
Danish kroner, less than 5 yrs	11.32	11.05
ECU, 8 yrs & over	10.53	10.48
ECU, 5 to 7 yrs	10.42	10.42
Can.$, less than 5 yrs	11.90	11.92
Aus.$, less than 5 yrs	14.55	14.65
N.Z.$, less than 5 yrs	12.55	12.41
Yen, 5 to 7 yrs	7.57	7.45
Yen, less than 5 yrs	8.04	7.20

Source: Luxembourg Stock Exchange.

Weekly Sales

Sept 6

Primary Market

	Cedel $	Cedel Nos$	Euroclear $	Euroclear Nos$
Straights	8.25	1,224.90	479.80	545.20
Convert.	—	—	—	—
FRNs	—	—	15.00	75.90
ECP	6,465.60	1,061.50	8,803.90	2,225.40
Total	6,473.86	2,286.40	9,298.70	2,861.50

Secondary Market

	Cedel $	Cedel Nos$	Euroclear $	Euroclear Nos$
Straights	2,973.10	12,751.13	11,281.80	12,098.15
Convert.	134.00	382.00	594.63	393.50
FRNs	938.86	1,039.30	2,167.80	4,837.13
ECP	3,367.80	1,764.40	2,275.50	3,722.50
Total	7,463.70	15,936.50	16,318.90	21,051.25

Source: Euroclear, Cedel.

Libor Rates

Sept. 7

	1-month	3-month	6-month
U.S.$	8 1/16	8 1/16	8⅛
Deutsche mark	8 5/16	8½	8 13/16
Pound sterling	15 1/16	14⅞	14⅞
French franc	10 1/16	10 5/16	10½
ECU	9⅝	10⅛	10¼
Yen	8 5/16	8⅝	8 9/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

U.S. Treasury Bonds

Sept. 7

Maturity	Close Bid	Ask	Yield	Wk.-ago yield
31.08.92	100 7/32	100 9/32	8.50	8.07
15.08.93	99 17/32	99 19/32	8.18	8.25
30.06.94	100 15/32	100 17/32	8.35	8.42
15.11.95	100 6/32	100 8/32	8.44	8.52
15.07.97	99	99 2/32	8.69	8.75
15.08.00	99 23/32	99 25/32	8.79	8.85
15.02.06	103 15/32	103 17/32	8.96	9.03
15.08.20	98 8/32	98 10/32	8.92	8.98

Source: Salomon Inc.

U.S. Consumer Rates

Sept. 7

Tax Exempt Bonds Bond Buyer 20-Bond Index	7.41 %
Money Market Funds Donoghue's 7-Day Average	7.47 %
Bank Money Market Accounts Bank Rate Monitor Index	5.89 %
Home Mortgage, FHLB average	10.19 %

Source : New York Times Service, UPI.

Kuwaiti Bank Sold Assets Heavily Following Invasion

Reuters

LONDON — The National Bank of Kuwait, the country's largest private bank, sold about $1.35 billion of assets immediately after Iraq's invasion of Kuwait to compensate for a cutoff in credit lines from international banks, a senior bank executive said in an interview.

The bank also has unwound money market positions worth around $1 billion, about a quarter of its global placements, senior managers said.

The initial rush to sell the bank's most liquid assets has ended now and a more selective process of funding is under way, said the executive, who declined to be named.

"The dumping is really behind us now," the executive said.

The sales, which covered about 10 percent of the bank's pre-invasion assets, have resulted in small losses that will go directly to the bank's profit and loss account, officials said.

Treasury managers drawn from the bank's offices around the world currently are trying to untangle thousands of foreign exchange contracts that were halted as foreign governments froze Kuwaiti funds after the Iraqi invasion.

Meanwhile, the bank's top managers are personally calling on their counterparts at international banks to ask them to reopen lines hurriedly closed after the invasion.

FLOW: *Foreign Funds Are Shifted From the U.S.*

(Continued from first finance page)
help the economy. Asked if he was worried about domestic rates declining while those in Japan and possibly West Germany were headed higher, he said no policy was without risks.]

The way out of the impasse, says Mr. de Vries, is a lower dollar that would increase exports, along with an agreement between the Bush administration and Congress to lower the budget deficit. Coupled with a rapid solution to the Mideast crisis, alleviating worries about the supply and price of oil, this could set the stage for a rebound in business confidence and spending on new plant and equipment despite the relatively high level of U.S. interest rates.

While Mr. de Vries sees the dollar trading at current levels against the mark, 1.50-1.55 DM, and possibly falling to 125-130 yen, Christopher Potts at Banque Indosuez questions whether the dollar will stabilize "or overshoot on the downside."

"The big picture," says Mr. Potts, "is that the dollar is weak and likely to remain so."

While Japanese sales of U.S. securities started earlier this year, the impact on the exchange rate has been relatively modest. The dollar hit a high of 159 early in the year and had weakened to 145 when the Bank of Japan raised its discount rate by 0.75 percentage point at the end of last month. Since then, the dollar has declined further, ending last week at 140.10.

Bankers say the cash Japanese investors raised selling U.S. securities was spent partly to buy real assets, such as the Pebble Beach golf course in California. Only recently do they see cash beginning to be repatriated, requiring sales of dollars for yen.

One big uncertainty analysts have in estimating the possible repercussions of Japanese banks withdrawing from international lending is the difficulty in assessing just how weak Tokyo stock prices are likely to be.

Under new international standards that Japan's Ministry of Finance wants its banks to meet by

> **'There is unlikely to be any significant decline in long-term U.S. interest rates.'**
>
> **John Lipsky, analyst for Salomon Brothers**

the end of September, banks must have capital equal to 7¼ percent of assets weighted according to risk. By end 1992, the target rises to 8 percent.

Japanese banks are permitted to count up to 45 percent of their unrealized equity gains as part of their capital base. Since the start of this year, however, Tokyo stock prices as measured by the Nikkei index have declined 38 percent, severely eroding the contribution these holdings can make to qualified capital and making it difficult for some banks to meet the new capital standards.

As banks scramble to comply with the new rules, desperately seeking to augment their capital in the Eurobond market, the continuing decline in the Nikkei further undermines the key ratios.

A recent study by Salomon Brothers said that "on average, every additional 1,000-point drop in the Nikkei trims 0.2 percentage points from the average city bank's capital/asset ratio."

The banks do pick up some advantage from a currency appreciation because that reduces the value of foreign assets when translated back into yen.

The Salomon study noted that a 4 percent appreciation of the yen — equal in percentage terms to a 1,000-point move on the Nikkei — "adds only 0.1 percentage point" to the capital/assets ratio.

Since the Salomon report a week ago, the yen has appreciated 2.7 percent while the Nikkei average has declined 7.8 percent.

Against this background, analysts believe that the banks may be obliged to reduce the amount of business on their books. The Salomon study said that "it appears that lending abroad would be affected before lending at home."

Richard Koo, an analyst for Nomura Research in Tokyo, warns that the banks "may be forced to contract too quickly. It could result in overkill."

A safer way, analysts are agreed, would be for the banks to aggressively push up the value of the yen. Some analysts believe last week's details of the net sales of U.S. securities was timed to rattle the foreign exchange market and help drive up the yen.

WALL STREET REVIEW

Figures as of close of trading Friday, September 7.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
GenEl	62160	61⅞	59⅝	60⅝	—1⅜
AT&T	61133	32⅝	31	31⅛	—1⅛
ToyRU s	57177	25¾	22½	22⅞	—2¾
IBM	56345	105½	100⅝	105½	+3⅜
PinWst	50925	13⅛	12¼	13	—3⅛
Exxon	50640	51⅞	49⅝	50⅝	+ ⅝
WalMt s	49202	28⅝	27¼	28	— ½
PhilMr s	48821	45½	44¼	45¼	+ ⅛
Boeing s	44216	49⅛	46⅛	47	—1¼
PepsiC s	42949	25½	24¼	25¼	+ ⅛
Motorla	40630	72	68⅝	61¼	—10⅝
EKodak	40602	41⅜	40⅛	40½	+ ⅛
FdNMs	38460	30¼	28⅜	28⅞	—1
Compaq s	37601	45¼	44½	44⅝	—1⅜
AmExp	35697	24⅛	23⅛	24	— ⅛
Limtd s	34410	17	15⅛	15⅝	—1⅞
SaMotr	33177	39⅛	36⅝	37⅜	—2⅛
WNC s	31527	7⅝	5¾	6¾	—1
McDonl	30904	28⅛	26½	27⅞	
JohnJn	29146	66¼	64	65⅝	
BrMySq	28256	62⅞	59⅝	60⅞	— ⅛
StaM n	27875	6⅝	6	6⅝	+ ⅝
FordM	27589	35⅝	34	35⅛	+ ¼
DowCh s	27312	43¼	41¼	41⅜	— ⅛
Honson	27020	19⅝	18⅝	18⅝	—1⅛

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
SNk f93wt	17940	17⅞	16¼	17	+1⅜
PW Nk pwt	16692	8⅞	7⅝	8⅛	+1
Hlthav n	14028	1⅝	1⅛	1½	
Dk Nk wt	12667	19	17¼	17⅝	+1½
SNk f93wt	10056	18¼	17¼	18	+1⅜
SalPhb n	10049	4⅝	3⅝	4	— ⅛
EksNk wt	9852	9½	7⅝	8¼	+1⅛
DowC rt	9211	7⅝	6⅛	7¼	+ ⅝
ENSCO	8574	4	3⅝	3⅝	— ¼
A-att2 sc	7522	7½	6½	6½	—1⅛
Amdhl	6947	13¼	12⅝	12⅞	+ ½
FruitL	6424	11⅝	10⅝	11	— ⅝
Coron g	6333	5⅝	5¼	5½	— ¼
ImpOil g	6124	56½	54⅝	54⅝	— ⅝
BAT In	5999	10⅞	9⅝	10⅞	+ ⅜
BT Nk wt	5825	47¼	42⅛	45⅞	+5⅛
A-att2 un	5797	32⅞	32½	32⅞	+ ⅜
Edisto n	5725	18⅝	17⅛	18	+ ⅛
ContAir	4860	5	4⅝	4⅞	+ ¼
Presd A	4831	6⅞	6½	6⅞	+ ⅛
ChevSft	4757	7	5⅝	7	+1⅛
Nabors	4701	6⅞	5⅞	6¼	+ ⅝
ICH	4491	3⅝	3	3⅝	
SFT 593pwt	4397	3⅝	3	3⅝	+ ⅛
EchoBy	4334	13⅝	12⅞	13⅛	— ¼

NYSE Sales

	Sales Vol.
Total for week	442,970,800
Week ago	639,410,000
Year ago	621,230,000
Two years ago	552,760,000
Jan 1 to date	27,511,195,000
1989 to date	29,154,440,000
1988 to date	29,687,348,000

AMEX Sales

	Sales Vol.
Total for week	43,080,000
Week ago	58,680,000
Year ago	51,020,000
Jan 1 to date	2,432,200,000
1989 to date	2,120,020,000

NYSE Diaries

	This Wk	Last Wk
Advanced	948	
Declined	870	
Unchanged	330	
Total Issues	2148	
New Highs	28	
New Lows	200	

AMEX Diaries

	This Wk	Last Wk
Advanced	344	
Declined	388	
Unchanged	211	
Total Issues	943	
New Highs	4	
New Lows	85	

EUROBONDS: *High Rates Sell*

(Continued from first finance page)
any holdings of subordinated bank debt. As a result, banks shun such issues.

In the fixed coupon market, bankers reported good demand for paper carrying double-digit coupons.

Institutional investors were buyers of British Gas and Nationwide Anglia's sterling bonds carrying coupons of 13 and 13⅝ percent, respectively.

Retail clients, especially in Germany, were the largest purchasers of Australian dollar paper — Deutsche Bank's three-year notes carrying a coupon of 14 percent and GMAC Australia's 14¼ percent of five-year notes. These clients also were buying the Council of Europe's 11¾ percent Canadian dollar paper as well as an Austrian-state guaranteed issue in European currency units carrying a coupon of 10½ percent.

The Austrian issuer is Asfinag, which finances the construction of highways. It issued 150 million Ecu of five-year notes priced at 101.95.

In defiance of the downturn in Tokyo, Japanese companies continue to launch paper carrying warrants to purchase stock. The reasonably good price performance suggests good demand for such paper, although this is viewed with considerable suspicion by non-Japanese banks.

The scandal of the week was the decision of Nikko Securities to go ahead with a bond convertible into stock for South Korea's Sunkyong Industries. The downturn in the Korean market and the enormous conversion premium of 44.8 percent meant there was no demand for the paper. Priced at par, the issue ended the week quoted by the lead manager at a substantial discount of 78 bid - 88 offered. Such a wide spread between bid-offered price is also unusual.

By contrast, London & Scottish Marine Oil Co., known as Lasmo, was able to parlay the current scare about oil into good demand for its £90 million of convertible bonds. The 15-year issue pays an annual coupon of 7⅝ percent and is convertible into shares at a premium of 15.1 percent over the prevailing price.

Pöhl Offers Bank Plan

Reuters

HAMBURG — Bundesbank President Karl Otto Pöhl has delivered written plans for a reorganization of the West German state central banks to Chancellor Helmut Kohl, according to a report in a West German newspaper.

The Hamburger Abendblatt said Mr. Pöhl had offered Mr. Kohl two models for the reorganization, which would reduce the number of regional central banks to seven from 11 and allocate responsibility for those states that are now in East Germany.

Bundesbank spokesmen were unavailable for comment on the newspaper report.

The Hamburg paper said the first plan saw Hamburg, Berlin, Düsseldorf, Frankfurt, Stuttgart and Munich as homes for central banking authorities. Leipzig, currently in East Germany, would be the seventh.

Under the second plan, Hanover would be included instead of Leipzig.

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Britain

B.A.T.

2nd Quar.	1990	1989
Pretax Net	417.00	413.00
Per Share	0.1587	0.1611
1st Half	**1990**	**1989**
Pretax Net	592.00	468.00
Per Share	0.2846	0.2554

Blue Circle Industries

1st Half	1990	1989
Revenue	656.40	694.30
Pretax Net	93.00	100.50
Per Share	0.113	0.125

Cookson

1st Half	1990	1989
Revenue	1,052.	948.90
Pretax Net	71.40	76.30
Per Share	0.114	0.164

Courtaulds

1st Half	1990	1989
Revenue	480.90	484.30
Pretax Net	16.40	15.70
Per Share	0.133	0.121

IMI

1st Half	1990	1989
Revenue	547.00	548.00
Pretax Net	63.50	60.10
Per Share	0.128	0.121

Reckitt & Colman

1st Half	1990	1989
Revenue	843.41	726.93
Pretax Net	112.15	98.56
Per Share	0.4779	0.4196

T & N

1st Half	1990	1989
Revenue	623.10	603.20
Pretax Net	46.10	40.20
Per Share	0.1141	0.1087

Canada

CIBC

3rd Quar.	1990	1989
Profits	198.00	195.00
Per Share	0.97	1.04
9 Months	**1990**	**1989**
Profits	600.8	577.80
Per Share	3.03	3.18

Royal Bank of Canada

3rd Quar.	1990	1989
Profits	230.41	239.14
Per Share	0.70	0.77
9 Months	**1990**	**1989**
Profits	759.35	723.88
Per Share	2.35	2.36

Seagram

2nd Quar.	1991	1990
Revenue	1,420.	1,308.
Profits	205.00	199.00
Per Share	2.18	2.07
1st Half	**1991**	**1990**
Revenue	2,718.	2,530.
Profits	392.80	395.00
Per Share	4.15	4.07

France

Rhone-Poulenc

1st Half	1990	1989
Revenue	40,000.	37,120.
Oper Net	3,750.	4,490.
Per Share	34.73	40.85

Japan

Canon

1st Half	1990	1989
Revenue	832,820.	627,700.
Profits	25,610.	16,540.
Per Share	32.55	22.17

United States

Campbell Soup

4th Quar.	1990	1989
Revenue	1,440.	1,300.
Net Loss	238.40	194.70
Year	**1990**	**1989**
Revenue	6,210.	5,670.
Net Inc.	4.40	13.10
Per Share	0.03	0.10

Nets include charges of $301.4 million vs $260.8 million.

Paramount Comm.

3rd Quar.	1990	1989
Revenue	1,040.	958.60
Net Inc.	106.20	96.30
Per Share	0.86	0.80
9 Months	**1990**	**1989**
Revenue	2,780.	2,480.
Net Inc.	148.60	231.10
Per Share	1.23	1.93

West Germany

BASF

1st Half	1990	1989
Revenue	23,370.	24,460.
Pretax Net	1,740.	2,190.

Henkel

1st Half	1990	1989
Revenue	6,840.	5,800.
Pretax Net	363.00	333.00

Hoechst

1st Half	1990	1989
Revenue	22,430.	22,840.
Pretax Net	1,820.	2,180.

MAN

Year	1990	1989
Revenue	28,900.	17,100.
Profits	320.00	254.00

PWA

1st Half	1990	1989
Revenue	2,050.	1,870.
Profits	51.00	50.00

Viag

1st Half	1990	1989
Revenue	6,030.	5,520.
Profits	149.00	135.00

Volkswagen

1st Half	1990	1989
Revenue	35,240.	33,180.
Profits	428.00	403.00

MONETARY: *EC Split Remains*

(Continued from first finance page)
automatically — develop into a single currency.

Finance Minister Carlos Solchaga of Spain picked up key elements of the Major plan by calling on Saturday for the creation of a new monetary institution to manage the hard ECU during the transition to a single currency.

Mr. Solchaga said the new institution should be created in 1994, but a single currency might not be achieved until the end of the century.

The ministers were expected to decide to study both the British and Spanish ideas further in the EC's monetary committee in preparation for a special conference on the legal basis for monetary union to start in December.

The ministers also discussed West German proposals to impose binding rules on EC nations to limit excessive budget deficits, another controversial issue which goes to the heart of a nation's right to control its own spending.

The finance ministers, determined to contain the economic fallout from the Gulf crisis, also decided that Europe would have to face a period of tight money and that consumers should not be shielded against higher oil prices.

In their first meeting since Iraq invaded Kuwait on Aug. 2, the ministers painted a bleak picture of the months to come as spiraling oil prices feed into their economies and as the Gulf crisis places ever increasing strain on their budgets.

Mr. Major said there was a general view that "the inflationary impulses should not be accommodated."

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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, September 7.

			Sales in 100s	High	Low	Close	Net Ch'ge
A							
A&W Bd			1509	29¼	28¼	29¼	+⅜
ABS	.32	4.9	81	6½	6½	6½	
ACC Cp	.16	2.3	282	7¼	6¾	7	—½
ADC			447	19	17⅜	18½	—½
ADT	1		7790	30	28½	29	+¼
AEL			202	4⅞	4⅝	4⅞	+⅛
AEP s			129	10¼	9¾	10	+¼
ASK			3394	8½	7⅞	8	—⅜
AST			8180	18⅞	17	17¼	+⅜
AarnRt	.10	1.3	20	8	7¾	7¾	+½
AbingB	.081		133	3¼	2¼	2¼	
AbeLInc			2	2½	2½	2½	
Abram	.20	4.8	20x	4⅛	4⅛	4⅛	+⅜
Acadin			1160	1⅛	1	1⅛	—
Accel	.20b	2.9	59	6⅞	6⅝	6⅞	+½
Aclaim			2887	8¾	8	8¼	—⅛
Aceto	.14b	1.2	39	11½	11½	11¼	—½
ACMT			10	12¼	12¼	12¼	—½
Acmt g			16	10	9	10	+¾
AcmeSt			150	15¼	15	15	
ActARt			702	3¾	3⅜	3⅜	+¼
ActnSv	.16l		5	1¼	1¼	1¼	+⅛
Acxiom			80	18¼	17¼	17¾	+¾
AdacLb	.04l		9462	1⅛	⅞	⅞	—⅛
Adage			50	1⅛		⅞	—⅛
Adapt			6595	15⅛	12¾	13½	—1½
Adinat s			4204	15¼	13	14¼	—1¼
AdiaSv	.16	.9	421	17½	16½	17¼	+⅝
AdobeS	.24	.9	29944	29¼	24½	27¼	+2¼
Adtec			102	3	2¾	2¾	—⅛
AdvCir s			1821	8⅝	7¾	8¼	+1⅛

(Continued on next page)

Countries for Sale — Cheap

Many Foreign Stock Funds Trading Below Asset Value

By Jonathan Fuerbringer
New York Times Service

NEW YORK — The old saw about the stock market is buy low and sell high. But when it comes to country funds, investors have stood that truism on its head.

Last winter, investors chased after overpriced — and therefore risky — country funds, which are traded on Wall Street and invest in the stocks of foreign countries.

Yet now, when the market is being sifted for bargains in the wake of the Middle East crisis, most people are ignoring what are undervalued and pretty attractive buys among the funds.

Country funds are part of a special breed of mutual fund that can be buffeted by two variables.

Because shares in the funds are limited — making them closed-end funds — their price can rise or fall as demand for the shares shifts.

But the price also moves with the direction of the underlying foreign stock market.

This means there is a premium or a discount in the price of the fund shares as compared with the value of the underlying foreign stocks.

It is generally a bad idea to buy a country fund when it is at a premium and a much better bet to buy at a discount.

Despite this simple wisdom, many investors tend to be more interested when prices are rising — and salespeople know this.

So early this year there were plenty of investors who were eager to buy shares in the Spain Fund, paying 120 percent more for each share than the value of the fund's underlying stock.

For the New Germany Fund, which was started at the end of January, the premium was 72 percent. For the Austria Fund, it was 56, and for the Italy Fund, 24.

These country funds have fallen sharply since the Iraqi invasion of Kuwait on Aug. 2. Shares in the Spain Fund are off 28.2 percent, at $12.375; the New Germany Fund is down 21.8 percent, to $10.75. The Italy Fund dropped 26.7 percent, to $11, and the Austria Fund is down 20.4 percent, to $11.25.

> **'People were dumping shares without making any valuations.'**
> **Thomas J. Herzfeld, investment manager**

These and other funds declined much more in value than did their underlying stocks, a reflection of the willy-nilly rush by investors to cash out of the funds.

And that meant that premiums quickly turned into discounts: of 6.2 percent for the Spain Fund, 20.8 percent for New Germany, 21.3 for Italy and 18.6 for Austria.

For the major funds, an average premium of around 30 percent in January has been transformed into an 11 percent discount, not far off the average 18 percent discount after the stock market crash of 1987.

In theory, at least, that should make the funds quite attractive. After all, shares of the Italy Fund were selling on Friday for $11, 35.3 percent less than at the end of last year, while the net value of Italian stocks in the fund is up 7.5 percent over the same period.

Or consider what could happen to the New Germany Fund and its discount of nearly 21 percent. If German stocks rally, the net asset value of the fund would rise, renewing investor interest.

Because of the fund's limited number of shares, the new popularity would drive the price of fund shares up even faster than the price of the underlying stocks.

And the fund's big discount would narrow or even disappear, providing a better return than the underlying stocks themselves.

But what if markets continue to fall? Share prices of the funds should fall too, of course. But with a discount already in place, they are likely to fall a little slower than the underlying stocks.

So now is the time to buy, say two country fund experts — Michael Porter, an analyst at Smith Barney, and Thomas J. Herzfeld, an analyst and manager of investments in country funds as president of his own firm.

Mr. Herzfeld has been buying heavily since the next-to-last week in August. "People were dumping shares without making any valuations," he said. "The type of selling I saw that week looked like the bottom to me." He has now bought shares in 37 funds.

Mr. Porter is more cautious than Mr. Herzfeld. He wants funds with a discount of more than 25 percent, which he feels is a big enough cushion against further declines in the foreign stock markets.

Among those are the Turkish Investment Fund and the First Philippine Fund.

"My telephone was hopping off the hook when these funds were at premiums of 20 to 30 percent at the beginning of the year," he said. "Now things are pretty much underpriced, but no one wants them."

Malaysia Banks Warned On Role in Speculation

Reuters

KUALA LUMPUR — Prime Minister Mahathir Mohamad of Malaysia has warned banks not to finance speculative share purchases on the Kuala Lumpur stock market.

"It is unhealthy," Mr. Mahathir told bankers at the annual dinner of Malaysian banks and financial institutions. "You may be caught napping once again. You may have to bankrupt more people."

Speaking Friday night, Mr. Mahathir said there had been excessive speculation on the Kuala Lumpur Stock Exchange recently, with prices of certain shares pushed up to unrealistic levels before experiencing sudden steep falls. He did not name the shares.

"Some of these speculative activities are financed by banks," he said. "I do not foresee a recession in the near future, but banks should not finance share purchases of a speculative nature."

"The stock market should be active and people should make gains and should lose sometimes," he said. "But the stock market should not be a gambling institution. It should be used more for investments and to raise funds for business."

Banks were also told to be circumspect when financing property development, even though Malaysia was experiencing a boom.

Greek Spending Cuts

Reuters

ATHENS — Prime Minister Constantine Mitsotakis plans deep cuts in state spending in his 1991 budget and will launch an all-out fight against rampant tax evasion. He blamed the disastrous economy on deficits run up by the Socialist governments from 1981 to 1989, and said 60 percent of all tax revenue went to servicing some $55 billion in debts.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

The Dutch stock market managed a slight gain last week, with the CBS all-share index closing Friday at 182.30, against 182.00 the previous Friday.

Turnover totaled 5.1 billion guilders, of which 2.1 billion was in equities. A week earlier, volume was 5.5 billion guilders, with 2.8 billion in equities.

The Kempen & Co. brokerage said it expects the market to remain around the same level this week, but to be very nervous in view of the Gulf situation, with low volume.

Frankfurt

Frankfurt stocks had a losing week, again dominated by news from the Gulf, as investors maintained their wait-and-see attitude toward the crisis, oil prices and the weakness of the West German bond market.

The DAX indicator finished the week at 1,562.92, down 76.03 points from the previous Friday. The Commerzbank indicator shed 74.6 points on the week to finish at 1,913.1.

Volume on the eight West German exchanges was a modest 19 billion Deutsche marks, against 30 billion the previous week.

Release of some unencouraging six-month business results hit the majority of leading shares.

In the auto sector, signs of a slowdown are multiplying, and Volkswagen dropped 19.20 DM on the week to 455.80, despite a relatively good six-month earnings report. Daimler-Benz was down 14 to 685, and BMW lost 17 to 468.

Hong Kong

Share prices dropped in dull trading, with the Hang Seng index ending the week at 3,044.79, a 1.4 percent fall from the previous week.

Average daily volume dwindled to 666 million Hong Kong dollars from the prior week's 1.05 billion.

The market's lackluster performance was attributed to poor showings on overseas bourses, particularly in Tokyo, and the stalemate in the Gulf crisis, which prevented investors from taking positions.

But strong buying sentiment, buoyed by news of the public reappearance of the disgraced former Chinese communist party chief Zhao Ziyang in Beijing, pushed the index up 15.06 points on Friday. Mr. Zhao had been reported under house arrest for his role in supporting last year's crushed democracy movement.

The market in the colony, which is to revert to Chinese rule in 1997, is sensitive to any political development in China.

Despite lack of clear direction at the moment and an absence of overseas institutional buyers, dealers said they expect the index to keep above the 3,000 level over the next few days, unless the Gulf crisis worsens.

London

Shares gave up more than half the gains registered the previous week, hit by a series of bad company results and a fresh climb in crude oil prices.

The Financial Times 100-share index, which rose 76.4 points the previous week, fell 39.9 points to 2,122.9, a 1.8 percent drop, bringing the index's total loss since the invasion of Kuwait to 9.2 percent.

The 30-share index dropped 3.2 percent on the week to 1,638.5.

Trading volume was low due to the face-off in the Gulf, and the worst day's volume for 21 months of only 221 million shares was recorded Monday.

Even a Friday announcement by Chancellor of the Exchequer John Major that ruled out the pound's imminent entry into the European Community exchange rate mechanism failed to stimulate activity, while his reaffirmation of a Bank of England warning that interest rates will stay high for some time served to deepen the market's pessimism, already low after a series of bad company results were released.

Milan

The market had a bad week on worries about the Gulf crisis and about the Andreotti government's economic policy.

The MIB index fell by 3.93 percent on the week, to 879 points on Friday against 912 points a week earlier. The Comit indicator was off 3.66 percent, from 626.88 to 603.92.

Volume was low, a daily average of only 40 million, against 61 million the previous week.

Paris

The Bourse lost 4.2 percent last week on fears of hostilities in the Gulf conflict.

The CAC-40 stock price index finished the week at 1,619.16. That more than wiped out the 4.5 percent gain the market had scored the previous week.

Operators said the market was discouraged by the lack of prospects for a peaceful settlement of the Gulf conflict, as well as by the slumping U.S. economy and high oil prices.

The latter have given rise to fears of higher inflation, leading to an increase in interest rates and a slowdown in economic growth. Analysts noted that even before the Gulf crisis, the French economy was starting to show signs of deceleration.

Singapore

Rising oil prices due to tension in the Gulf and the weak performances of regional stock exchanges took their toll on share prices.

Dealers said sentiment was weak, as most investors were reluctant to hold stocks, and prices fell due to a lack of buying interest or news from the Gulf.

The Straits Times industrial index lost 39.45 points to close the week at 1,238.42, a drop of 3.18 percent from the prior week's 1,277.87. The Stock Exchange of Singapore all-Singapore index fell 10.55 points to 347.98.

Turnover was very thin at a total of 188.1 million shares worth 349.9 million Singapore dollars, compared with the previous week's 434.3 million shares valued at 680.2 million dollars.

Tokyo

Share prices nosedived in extremely thin trading, as uncertainty over the Gulf crisis, higher oil prices and prospects of higher interest rates weighed heavily on the market.

The Nikkei average of 225 issues ended at 23,962.07 points, a 7.8 percent weekly loss. That followed a hefty 7.5 percent gain the previous week. It was the second-sharpest weekly drop this year.

The Tokyo Stock Price Index of all stocks on the market's major section shed 128.04 points to end the week at 1,845.93, offsetting the preceding week's rise of 128.25 points.

Trading was extremely thin. Average daily volume dropped from the previous week's 490.9 million shares to 385.5 million.

Bearish sentiment prevailed all week after it was announced Monday that Saudi Arabia and other Gulf oil exporters were hiking prices for crude shipments to Japan by around $10 a barrel.

Zurich

Stocks stayed on a downtrend last week, with a loss of around 2.5 percent, as operators said they were pessimistic about the trend over the next few days.

The Swiss Performance Index lost 26.8 points on the week, ending at 992 on Friday. The Crédit Suisse indicator lost 19.1 point to finish at 538, and the Swiss Bank Corp. index 15.1 to 565.

BUSINESS BRIEFS

Société Générale to Fund Iran Plants

TEHRAN (AFP) — Société Générale, the French commercial bank, said Sunday that it had agreed to set up financing worth $1.8 billion for large petrochemical projects in Iran.

The agreement was signed Wednesday with Iran's central bank and the Iranian National Petrochemical Company, Société Générale said.

Cuba Owes Heavily on Japan Trade

TOKYO (UPI) — Cuba, facing serious economic difficulties due to declining aid from the Soviet Union, owes more than 100 Japanese companies an estimated 150 billion yen ($1.06 billion) in trade debts, the economic journal Nihon Keizai Shimbun reported Sunday.

The daily, quoting Japanese trading sources, said Cuba had suspended interest payments on its trade debts amounting to about 1 billion yen.

Peruvian Banks Slash Interest Rates

LIMA (AFP) — Peru's private banks Saturday broke free of state-controlled monthly interest rates, slashing them from 100 percent to 35 percent.

The decision by the Banking Association of Peru freeing its members from the dictates of the government's Central Reserve Bank came in response to an improvement in the banks' financial picture prompted by tough economic measures taken by the new government of President Alberto Fujimori.

No Austerity Budget in France

PARIS (Reuters) — Finance Minister Pierre Bérégovoy of France quashed fears of an austerity package in an interview published Sunday, four days before he presents the 1991 budget to parliament.

But Mr. Bérégovoy told the weekly Journal du Dimanche that France had to make some adjustments because of the current surge in oil prices and slower than expected economic growth to avoid an austerity package.

BankAmerica Acquires Seized Thrift

PORTLAND, Oregon (UPI) — The largest savings and loan in the state of Oregon, seized by federal regulators earlier this year, has been acquired by the second-largest U.S. banking chain in what was described as the "best deal" ever made by the Resolution Trust Corp.

BankAmerica outbid several other contenders to become the new owner of Benjamin Franklin Federal Savings and Loan, RTC officials said Friday.

U.S. Near Sale of Fighters to Seoul

LOS ANGELES (NYT) — The government has officially notified Congress that a deal has been worked out for the sale of 120 FA-18 jet fighters to South Korea.

The administration told Congress of the deal in a "letter of offer," and Congress has 30 days in which it can act to bar the transaction, said Lieutenant Commander Ken Satterfield, a spokesman for the Defense Department. Opposition in Congress was not expected.

The deal will generate about $2.7 billion in sales for the aircraft's prime contractor, McDonnell Douglas Corp., and about $500 million more for General Electric Co., which is supplying some equipment, he said.

For the Record

China signed joint venture agreements worth $170 million on the first day of a trade symposium in Fujian province, one of four special economic zones, a Hong Kong newspaper reported Sunday. *(AFP)*

Sanyo Electric Co. of Tokyo said Saturday that it had agreed with Siemens AG of West Germany to sell Siemens' consumer electrical appliances in Japan, starting next April. Sanyo said it planned to sell about 1 billion yen ($7 million) worth of Siemens products such as dishwashers and kitchen utensils in the first year. *(UPI)*

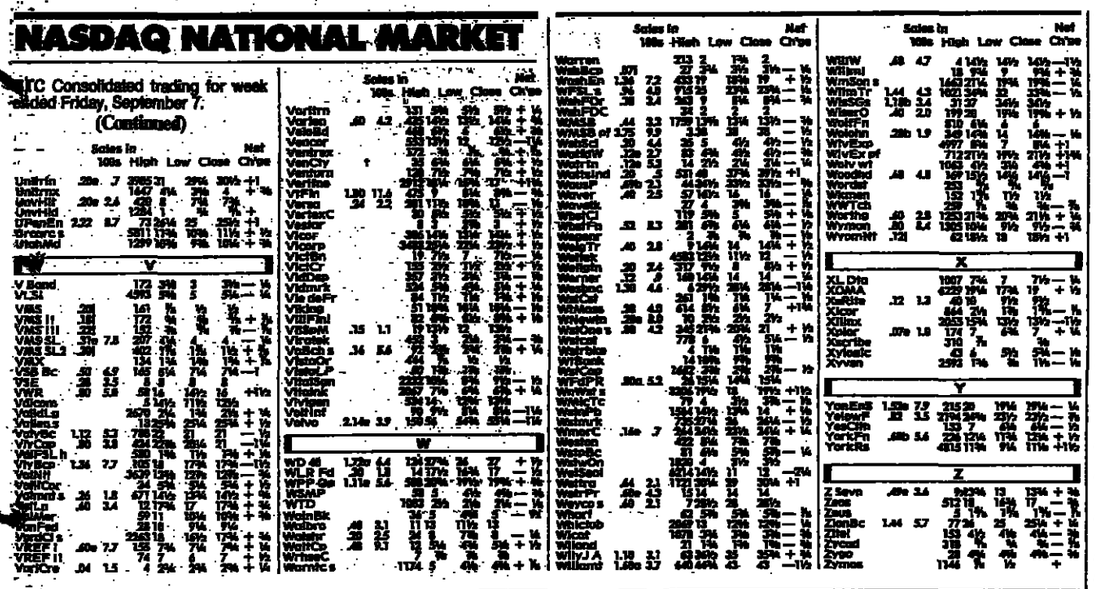
Linhas Aereas de Mozambique, the national carrier, will acquire five Boeing Co. aircraft as part of its fleet renewal program, the U.S. company announced and Angola's news agency reported Saturday. *(AFP)*

Eurocard-Mastercard said late Friday that its credit cards would be accepted for payment by two hotels in Albania and that 26 automatic payment points would be installed in major Albanian cities. *(AFP)*

Atlantic Richfield Co. of the United States has established a joint venture with Spain's Ferrovial construction company under which they will invest 5 billion pesetas ($51 million) over 10 years to set up a chain of convenience food stores in Spain, a newspaper reported Saturday. *(AP)*

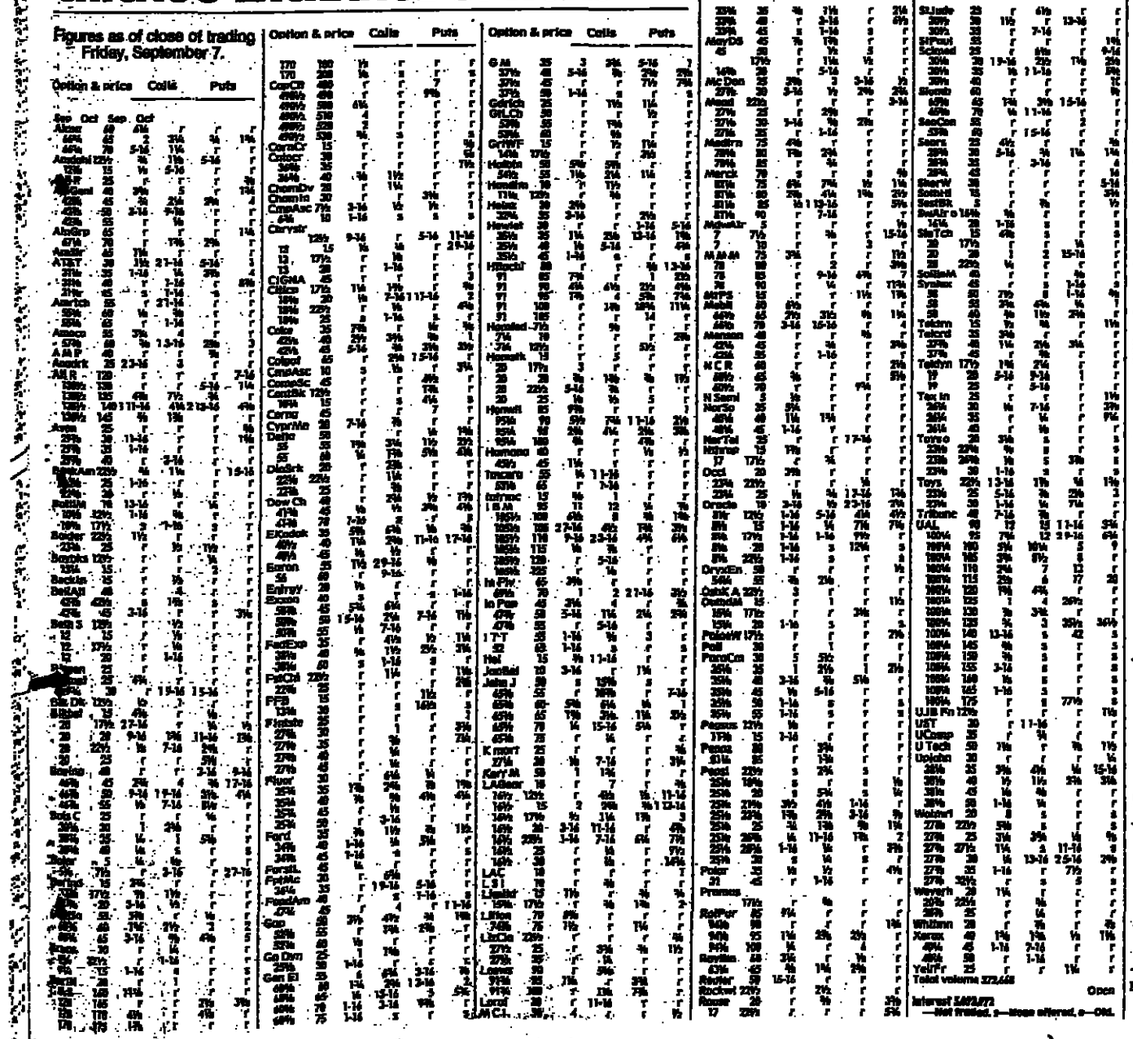
NASDAQ NATIONAL MARKET

NMS Consolidated trading for week ended Friday, September 7.
(Continued)



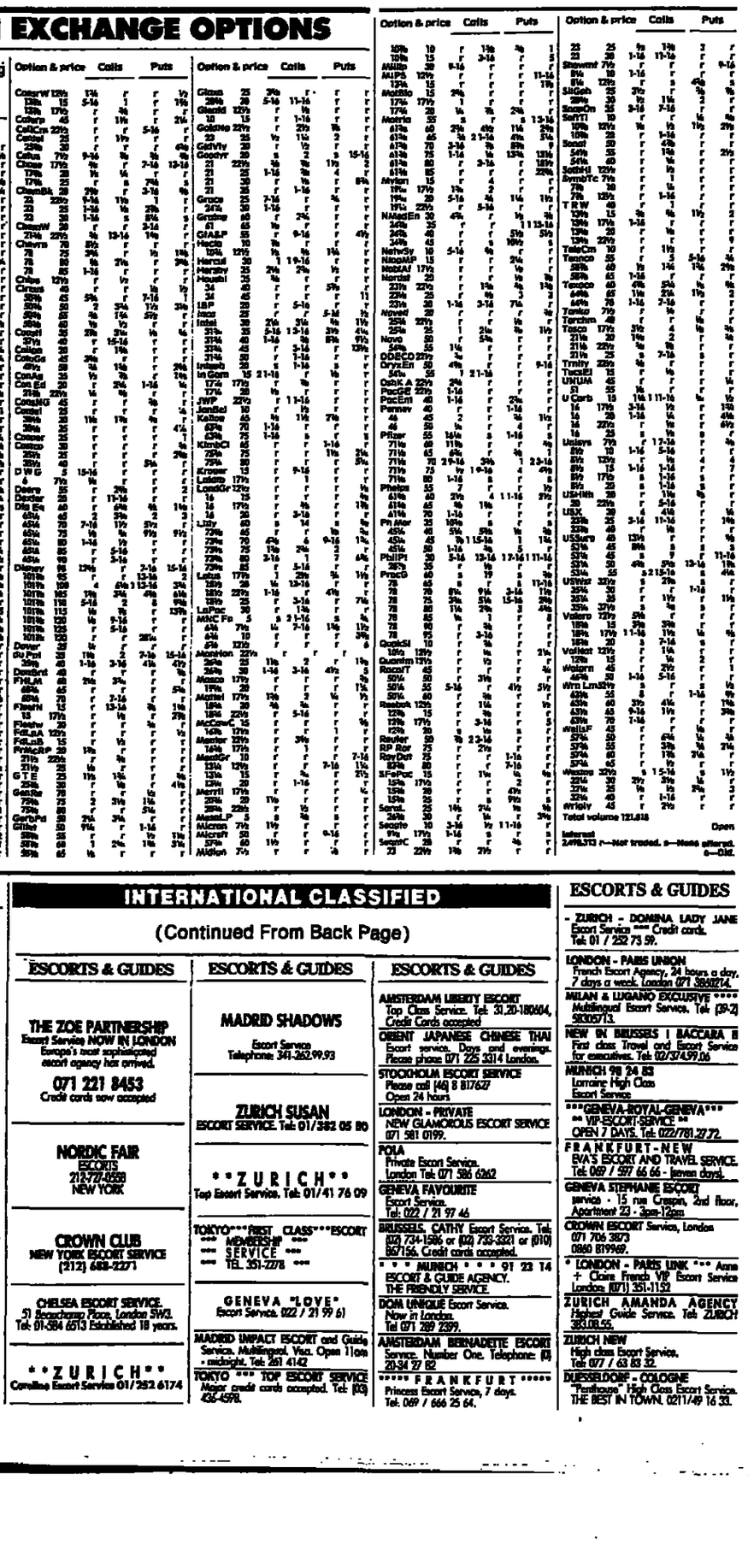
CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, September 7.



AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, September 7.



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MONDAY SPORTS

Top-Ranked Miami Upstaged By Detmer and BYU, 28-21

The Associated Press

Ty Detmer, Brigham Young's celebrated junior quarterback, threw for 406 yards and three touchdowns as the Cougars stunned Miami, the top-ranked team in The Associated Press college football poll, 28-21.

Detmer was the top passer in the United States a year ago, but his performance against Miami, the national champion, on Saturday in Provo, Utah, may have topped anything to date. He completed 38 of 54 passes, including a seven-yarder to Mike Salido for the go-ahead touchdown and two-point conversion pass to Andy Boyce that made it 28-21 late in the third quarter.

Although BYU dominated the first half, four turnovers helped Miami stay within 17-14 at intermission. Leonard Conley's five-yard run into the end zone gave the Hurricanes a 21-17 edge. Earl Kauffman's 29-yard field goal reduced the margin to a point.

Miami quarterback Craig Erickson completed 28 of 52 throws for 299 yards without a touchdown. Ervin Lee intercepted Erickson in the end zone to kill a Miami drive with 6½ minutes left, and it was Lee who knocked away a fourth-down Erickson pass at the goal line with 1:48 to go.

No. 3 Auburn 38, Fullerton State 17: Stan White threw for 324 yards and tied a school record with four touchdown passes in his college debut in Auburn, Alabama.

No. 3 Florida State 45, East Carolina 24: Brad Johnson, a 6-foot, 5-inch (1.95-meter) basketball player turned quarterback, threw three touchdown passes and Edgar Bennett scored three times in Tallahassee, Florida, as the Seminoles, tied

COLLEGE FOOTBALL

with Auburn in the rankings, extended major-college football's longest winning streak to 11 games.

No. 8 Tennessee 40, Mississippi State 7: In Starkville, Mississippi, Tony Thompson rushed for 248 yards and scored on two long touchdown runs as Tennessee ran its unbeaten streak to nine games. Thompson, subbing for All-Southeastern Conference selection Chuck Webb, had touchdown runs of 69 and 80 yards, the second on a fake reverse.

No. 14 Virginia 20, No. 9 Clemson 7: In Charlottesville, Virginia, Terry Kirby ran for a third-quarter touchdown and Jason Wallace set up another with a 79-yard punt return as the Cavaliers ended the longest active string of futility in Division I-A with its first victory in 30 games against Clemson.

No. 10 Nebraska 60, Northern Illinois 14: Leodis Flowers rushed for 124 yards, a career high, and quarterback Mickey Joseph ran for one touchdown and passed for another in his first collegiate start in Lincoln, Nebraska.

Arizona 28, No. 11 Illinois 16: In Tucson, Arizona, Illinois gave up the ball on its first two possessions — the first a block punt by Todd Burden and the second an interception by Richard Holt — and Arizona capitalized both times. Michael Bates scored on a three-yard run two plays after Arizona got the ball on the Illinois 11-yard line, and Mario Hampton capped a 43-yard drive after the interception with a one-yard touchdown run.

Southern Mississippi 27, No. 13 Alabama 24: In Birmingham, Alabama, Jim Taylor kicked a 52-yard field goal into the wind with 3:35 left, and Alabama blew two chances to win or tie. Simmie Carter intercepted a Gary Hollingsworth pass at the Southern Miss 40 to end the first threat, and the other faded when a fourth-down Hollingsworth pass sailed through the end zone from 40 yards away.

No. 17 Pittsburgh 29, Boston College 6: In Pittsburgh, the Panthers intercepted a school record-tying six passes, one of which was returned 15 yards for a touchdown by Doug Hetzler.

No. 18 Ohio State 17, Texas Tech 10: In Columbus, Ohio, Jeff Graham returned a punt 50 yards for the go-ahead touchdown, and freshman tailback Robert Smith keyed an 82-yard comeback drive that tied the score at 10 near the end of the third quarter.

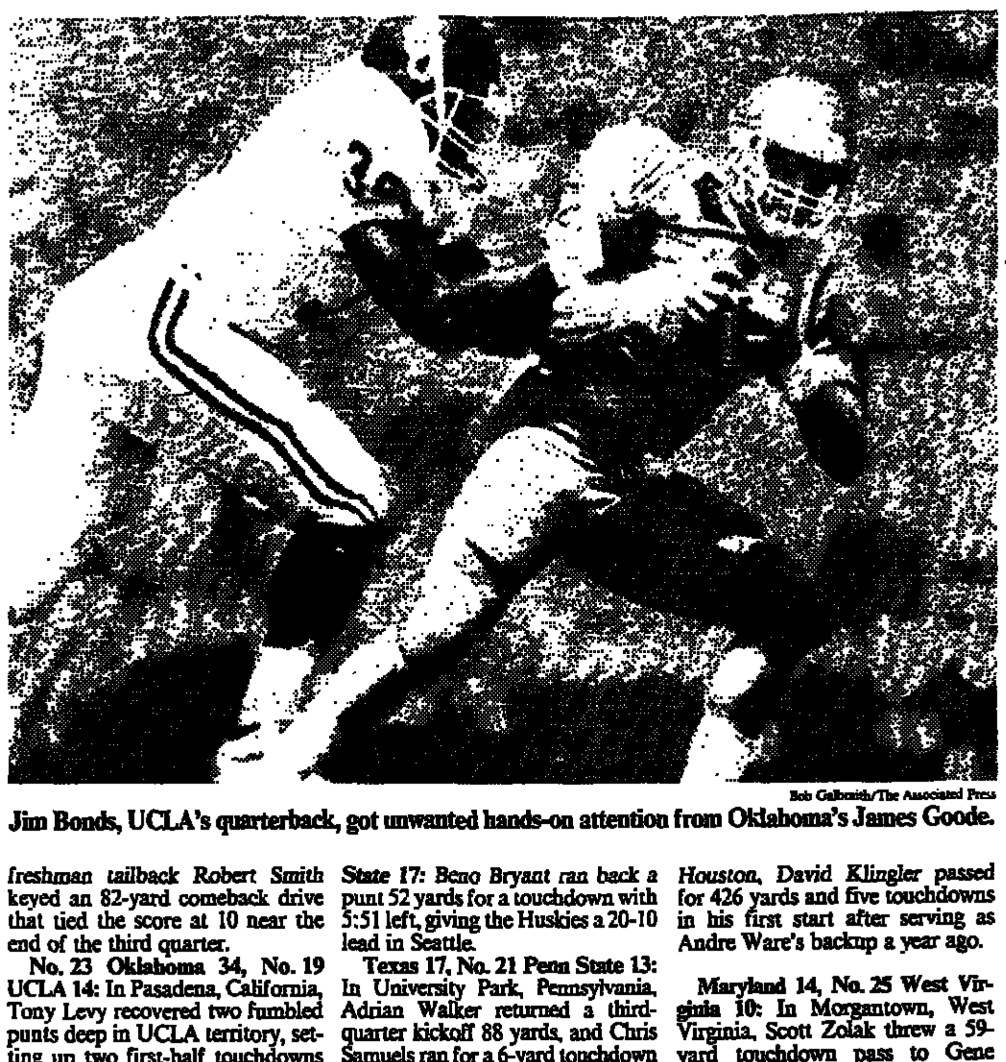
No. 23 Oklahoma 34, No. 19 UCLA 14: In Pasadena, California, Tony Levy recovered two fumbled punts deep in UCLA territory, setting up two first-half touchdowns that gave the Sooners a 21-14 lead.

No. 20 Washington 20, San Jose State 17: Beno Bryant ran back a punt 52 yards for a touchdown with 5:51 left, giving the Huskies a 20-10 lead in Seattle.

Texas 17, No. 21 Penn State 13: In University Park, Pennsylvania, Adrian Walker returned a third-quarter kickoff 88 yards, and Chris Samuels ran for a 6-yard touchdown on the next play, lifting Texas.

No. 24 Houston 37, UNLV 9: In Houston, David Klingler passed for 426 yards and five touchdowns in his first start after serving as Andre Ware's backup a year ago.

Maryland 14, No. 25 West Virginia 10: In Morgantown, West Virginia, Scott Zolak threw a 59-yard touchdown pass to Gene Thomas with 2:27 left, giving the Terrapins the victory.



Bob Galbraith/The Associated Press

Jim Bonds, UCLA's quarterback, got unwanted hands-on attention from Oklahoma's James Goode.

Senna Widens His Lead With Italy Prix Victory

Reuters

MONZA, Italy — Ayrton Senna of Brazil tightened his grip on the leadership of the world Formula One drivers' championship on Sunday when he won an incident-filled Italian Grand Prix here.

It was the McLaren driver's first victory in the Italian race and put him 16 points ahead of his French rival, Alain Prost, who finished second in a Ferrari.

Senna won the 53-lap race in one hour, 17 minutes 57.878 seconds. The victory was the 26th of his career and his sixth of the season.

Prost, the defending world champion, finished second, 6.054 seconds behind. Senna's McLaren teammate, Gerhard Berger of Austria, was third.

The race was started twice, having been marred by an accident on the opening lap of the first start when Derek Warwick of Britain crashed in his Lotus.

His car went off and directly into the barriers at the Parabolica corner at about 250 kph (155 mph), skidded across the track and overturned. Warwick was not injured.

Senna, 30, who had broken his own qualifying lap record in final qualifying on Saturday, set a Monza lap record in the race of 1:26.254 on his 46th lap.

Prost, who had carried Ferrari's hopes of an emotional victory on home soil to keep his title challenge alive, made a bad start from second on the grid but recovered to pass Berger on the 21st lap.

With four races remaining, Senna has 72 points in the championship, 16 ahead of Prost. Berger is third with 37 points.

Prost and Senna, who have been bitter rivals since April 1989, publicly shook hands after the race.

Senna said: "We are true professionals, both of us. What matters is this year, now. I don't want to think about last year any more. If he is ready in his heart to prepare to accept this fact then I will accept his hand in a handshake."

Prost said: "Ayrton is right. It really doesn't matter what happened last year if we both accept it that way. I agree completely."

They shook hands and smiled.

■ Rules Revisions

Revised aerodynamic regulations, designed to slow down the cornering speeds in Formula One racing, were announced Sunday by FISA, the sport's governing body, Reuters reported from Monza.

Speaking before the Italian Grand Prix, Jean-Marie Balestre, president of FISA, also announced several recommendations for Grand Prix circuits for 1991.

He said the undertrays of the cars would be made longer before the San Marino Grand Prix at Imola in 1991 to reduce the amount of downforce generated by the cars.

SCOREBOARD

BASEBALL

Major League Standings

Through Saturday's games

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Boston	78	60	.565	—
Toronto	73	66	.525	5½
Milwaukee	66	72	.478	12
Detroit	66	74	.471	13
Baltimore	62	75	.453	15½
Cleveland	61	78	.439	17½
New York	57	81	.413	21
West Division				
Oakland	88	50	.638	—
Chicago	79	58	.577	8½
Texas	72	67	.518	16½
California	69	70	.496	19½
Seattle	68	71	.489	20½
Kansas City	66	73	.475	22½
Minnesota	65	75	.464	24

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Pittsburgh	82	57	.590	—
New York	78	60	.565	3½
Montreal	72	66	.522	9½
Chicago	65	73	.471	16½
Philadelphia	64	74	.464	17½
St. Louis	63	76	.453	19
West Division				
Cincinnati	79	59	.572	—
Los Angeles	73	66	.525	6½
San Francisco	71	68	.511	8½
San Diego	63	75	.457	16
Houston	63	76	.453	16½
Atlanta	58	81	.417	21½

Friday's Line Scores

AMERICAN LEAGUE

Chicago 000 010 000—1 4 0
Toronto 000 001 20x—3 4 0
M. Perez, Patterson (7) and Fisk; T. Stottlemyre, Henke (9) and Myers, Borders (9). W—T. Stottlemyre, 13-14. L—M. Perez, 12-13. Sv—Henke (27).

Cleveland 000 000 000—0 5 1
Minnesota 010 000 10x—2 6 1
Black and Alomar; A. Anderson, Aguilera (9) and Harper. W—A. Anderson, 7-17. L—Black, 10-10. Sv—Aguilera (28).

Oakland 000 015 001—7 6 0
New York 000 100 000—1 6 2
C. Young, Burns (6) and Hassey; Hawkins, J.D. Robinson (6), Jones (8) and Geren, Nokes (9). W—C. Young, 8-5. L—Hawkins, 5-12. Sv—Burns (3). HRs—Oakland, McGwire (35), Canseco (36). New York, Barfield (22).

California 000 000 200—2 5 1
Baltimore 000 101 40x—6 11 0
Grahe, McClure (7), Fetters (7) and Parrish; McDonald, Olson (9) and Tettleton. W—McDonald, 6-4. L—Grahe, 1-3. HRs—California, Downing (13). Baltimore, Horn (11).

Detroit 000 002 300—5 7 0
Milwaukee 400 200 00x—6 6 0
Morris and Heath; Higuera, Crim (7) and Surhoff. W—Higuera, 10-6. L—Morris, 11-17. Sv—Crim (10). HRs—Detroit, Fielder (45), Heath (7). Milwaukee, Yount (14).

Seattle 210 001 000 00—4 15 1
Boston 012 000 001 01—5 10 0
(11 innings)
Swan, Swift (6), Jackson (9) and Valle; Boddicker, Murphy (6), Andersen (8), Gray (11) and Pena. W—Gray, 2-3. L—Jackson, 5-7. HR—Seattle, Griffey Sr. (1).

Kansas City 011 010 010—4 8 2
Texas 030 040 11x—9 16 0
Gordon, Farr (5), Montgomery (8) and Macfarlane; Hough, Arnsberg (9) and Stanley. W—Hough, 11-10. L—Gordon, 10-10. HRs—Kansas City, Jackson (23). Texas, Incaviglia 2 (21), Gonzalez (2).

NATIONAL LEAGUE

St. Louis 011 002 000—4 11 2
Chicago 200 000 001—3 6 1
Tewksbury, Perez (8), Le. Smith (9) and Pagnozzi; Maddux, Kramer (8) and Girardi. W—Tewksbury, 10-5. L—Maddux, 12-13. Sv—Le. Smith (25). HR—Chicago, Dawson (22).

Montreal 000 021 010—4 10 0
Pittsburgh 001 000 000—1 4 1
Boyd, Ruskin (7), Burke (9) and Fitzgerald; Smiley, Palacios (6), Belinda (7), Reuss (8) Bair (9) and LaValliere. W—Boyd, 9-5. L—Smiley, 8-8. Sv—Burke (17).

New York 100 000 000—1 4 1
Philadelphia 101 000 20x—4 8 2
Cone, Musselman (7), Pena (7) and Sasser; DeJesus and Daulton. W—DeJesus, 5-6. L—Cone, 11-8.

Atlanta 000 031 000—4 8 1
San Diego 100 000 000—1 4 0
Leibrandt and Whitt; Whitson, Show (7), Hammaker (9) and Santiago. W—Leibrandt, 8-8. L—Whitson, 12-8.

Cincinnati 000 000 001—1 4 2
Los Angeles 100 101 00x—3 3 3
Rijo, Layana (8), Ro.Rodriguez (8) and Reed; Neidlinger, J. Howell (9) and Scioscia, Dempsey (9). W—Neidlinger, 4-1. L—Rijo, 11-7. Sv—J. Howell (14).

Houston 000 000 002—2 7 0
San Francisco 000 000 001—1 7 0
Darwin, Osuna (9), Do. Smith (9) and Biggio; Burkett, Oliveras (9) and Kennedy, Manwaring (8). W—Darwin, 11-2. L—Burkett, 11-7. Sv—Do. Smith (23).

Saturday's Line Scores

AMERICAN LEAGUE

Cleveland 000 000 100—1 7 0
Minnesota 101 012 01x—6 9 0
Walker, Ward (6), Orosco (8) and Skinner, Alomar (8); Erickson and Ortiz. W—Erickson, 5-4. L—Walker, 1-6. HRs—Cleveland, Maldonado (20). Minnesota, Mack (8).

Seattle 000 200 000—2 7 1
Boston 000 004 15x—10 14 0
Delucia, Medvin (6), Knackert (6), Burba (8), Lovelace (8), Gardiner (8) and Valle; Bolton and Marzano, Pena (7). W—Bolton, 9-2. L—Medvin, 0-1.

Chicago 000 000 000—0 6 0
Toronto 100 100 01x—3 8 1
Fernandez and Karkovice; Stieb, Henke (9) and Borders. W—Stieb, 18-5. L—Fernandez, 2-3. Sv—Henke (28). HRs—Toronto, Gruber 2 (26).

Oakland 100 000 022—5 12 0
New York 110 000 000—2 5 1
Sanderson, Nelson (8), Honeycutt (8), Eckersley (8) and Hassey; M. Witt, Guetterman (8) and Nokes. W—Sanderson, 15-9. L—M.Witt, 3-8. Sv—Eckersley (42). HRs—Oakland, R. Henderson 2 (26).

Detroit 000 010 001—2 9 1
Milwaukee 013 001 00x—5 12 1
Terrell, Gibson (7), C. Parker (8) and Salas; Navarro, Machado (9) and Surhoff. W—Navarro, 7-5. L—Terrell, 4-3. Sv—Machado (1). HRs—Milwaukee, Surhoff (6), Deer (27).

California 003 000 100—4 8 0
Baltimore 021 000 101—5 11 0
C. Finley, Eichhorn (9) and Parrish; Mesa, Ballard (6), Schilling (7), Price (8) and Melvin. W—Price, 3-3. L—Eichhorn, 2-5. HR—Baltimore, Melvin (5).

Kansas City 000 000 010—1 5 0
Texas 000 000 101—2 4 0
Appier, Sanchez (9) and Macfarlane; Ryan, Rogers (8) and Stanley, Kreuter (9). W—Rogers, 7-5. L—Appier, 11-6. HR—Texas, Franco (9).

NATIONAL LEAGUE

St. Louis 020 110 000—4 11 1
Chicago 300 010 10x—5 9 2
Olivares, Dayley (6), Terry (8) and Pagnozzi; Sutcliffe, Pavlas (6), Assenmacher (8) and Berryhill. W—Pavlas, 1-0. L—Dayley, 4-3. Sv—Assenmacher (8). HRs—St. Louis, Olivares (1). Chicago, Sandberg (33), Grace (8).

Houston 000 000 001 0—1 4 1
San Francisco 000 100 000 1—2 5 0
(10 innings)
Gullickson, Meyer (8) and Gedman; Downs, Bedrosian (10) and Carter. W—Bedrosian, 7-8. L—Meyer, 0-2. HRs—San Francisco, Williams 2 (29).

Montreal 000 000 010—1 9 0
Pittsburgh 102 210 00x—6 9 0
Farmer, Hall (4), Sampen (6), Mohorcic (8) and Goff; Drabek, Patterson (8) and LaValliere. W—Drabek, 19-5. L—Farmer, 0-2. HRs—Pittsburgh, Van Slyke (14), Bream (13).

New York 000 310 431—12 12 0
Philadelphia 200 000 000—2 5 0
Gooden and O'Brien; Ruffin, Cook (4), Greene (6), McElroy (7), Akerfelds (7), Boever (8), Malone (9) and Daulton. W—Gooden, 16-6. L—Ruffin, 6-13. HRs—New York, McReynolds (21), Jefferies (15). Philadelphia, V. Hayes (17).

Cincinnati 302 000 012—8 11 0
Los Angeles 120 000 100—4 5 0
Browning, Dibble (7), Myers (7) and Oliver; Valenzuela, Holmes (4), Crews (5), Gott (8) and Dempsey. W—Browning, 13-7. L—Valenzuela, 12-12. Sv—Myers (28).

Atlanta 120 010 052—11 13 3
San Diego 203 000 000—5 11 2
Avery, Grant (3), Castillo (5), Parrett (7), Mercker (9) and Whitt, Olson (6); Schiraldi, Lilliquist (5), Harris (8), Rl. Rodriguez (9) and Santiago. W—Parrett, 5-9. L—Lilliquist, 3-9. HRs—Atlanta, Gant (28), Smith (6).

Japanese Leagues

Central League	W	L	T	Pct.	GB
x-Yomiuri	78	37	0	.678	—
Hiroshima	56	54	1	.509	19½
Taiyo	54	55	2	.496	21
Chunichi	55	62	1	.470	24
Yakult	52	61	0	.460	25
Hanshin	45	71	0	.388	33½
Pacific League	**W**	**L**	**T**	**Pct.**	**GB**
Seibu	70	34	4	.667	—
Nippon Ham	57	50	1	.532	14½
Orix	57	51	3	.527	15
Kintetsu	56	55	1	.505	17½
Lotte	44	58	2	.433	25
Daiei	34	72	3	.326	37

x-clinched league title

Saturday's Results
Yomiuri 3, Yakult 2
Taiyo 3, Hiroshima 1
Hanshin 6, Chunichi 5
Lotte 4, Daiei 1
Kintetsu 7, Nippon Ham 4
Seibu 4, Orix 1

Sunday's Results
Yakult 3, Yomiuri 0
Taiyo 5, Hiroshima 4, 12 innings
Chunichi 6, Hanshin 2
Orix 13, Seibu 11
Nippon Ham 6, Kintetsu 4
Lotte 5, Daiei 4

FOOTBALL

College Football Scores

EAST

Delaware 34, Boston U. 20
Hofstra 42, Bucknell 29
Lafayette 32, Kutztown 16
Lehigh 35, Fordham 3
Maryland 14, West Virginia 10
Massachusetts 10, Holy Cross 10, tie
Navy 28, Richmond 17
New Hampshire 21, Connecticut 16
Pittsburgh 29, Boston College 6
Rhode Island 48, Towson St. 21
Rutgers 24, Kentucky 8
Syracuse 19, Temple 9
Texas 17, Penn St. 13

SOUTH

Ark.-Pine Bluff 38, Miss. Valley St. 6
Auburn 38, Fullerton St. 17
Bethune-Cookman 21, Morgan St. 7
Citadel 34, William & Mary 31
Delaware St. 43, Northeastern 16
E. Illinois 23, NW Louisiana 22
E. Kentucky 24, Cent. Florida 12
Florida 50, Oklahoma St. 7
Florida St. 45, East Carolina 24
Furman 63, Presbyterian 7
Georgia Tech 21, N. Carolina St. 13
Howard U. 29, Morris Brown 0
LSU 18, Georgia 13
Liberty 22, James Madison 19
Louisiana Tech 51, McNeese St. 3
Louisville 68, Murray St. 0
Marshall 52, W. Virginia Tech 0
Middle Tenn. 16, Georgia Southern 13
Mississippi 23, Memphis St. 21
N. Carolina A&T 27, Winston-Salem 16
S. Mississippi 27, Alabama 24
SW Louisiana 24, Nicholls St. 21
Samford 17, E. Tennessee St. 13
South Carolina 27, North Carolina 5
Southern U. 7, Alabama St. 6
Tenn.-Martin 24, Austin Peay 10
Tennessee 40, Mississippi St. 7
Tennessee St. 23, Jackson St. 14
Tn.-Chattanooga 40, Tennessee Tech 17
Virginia 20, Clemson 7
Virginia Tech 21, Bowling Green 7
W. Carolina 28, VMI 20
W. Kentucky 24, Morehead St. 0
Wake Forest 23, Appalachian St. 12

MIDWEST

Akron 38, Kent St. 10
Ball St. 13, Illinois St. 3
California 28, Wisconsin 12
Cent. Michigan 34, Cincinnati 0
E. Michigan 27, W. Michigan 24
Iowa St. 35, N. Iowa 6
Kansas 38, Oregon St. 12
Kansas St. 27, W. Illinois 6
Nebraska 60, N. Illinois 14
Ohio St. 17, Texas Tech 10
S. Illinois 20, Indiana St. 17
Texas Christian 20, Missouri 19
Toledo 20, Miami, Ohio 14
Utah 35, Minnesota 29
Youngstown St. 31, Edinboro 27

SOUTHWEST

Angelo St. 28, Stephen F.Austin 24
Arkansas St. 23, NE Louisiana 18
Houston 37, UNLV 9
Idaho 38, SW Texas St. 35
North Texas 20, Alcorn St. 7
Southern Meth. 44, Vanderbilt 7
Texas Southern 20, Sam Houston St. 15
Texas-El Paso 27, New Mexico St. 24
Tulane 21, Rice 10
Tulsa 41, SW Missouri St. 28

FAR WEST

Air Force 27, Hawaii 3
Arizona 28, Illinois 16
Arizona St. 34, Baylor 13
Boise St. 24, Weber St. 14
Brigham Young 28, Miami, Fla. 21
Colorado St. 41, Montana St. 5
E. Washington 45, Lenoir-Rhyne 6
Fresno St. 24, New Mexico 17
Idaho St. 37, S. Utah 12
Nevada 55, N. Arizona 14
Oklahoma 34, UCLA 14
Oregon 42, San Diego St. 21
Pacific U. 41, Sacramento St. 33
Utah St. 27, Long Beach St. 13
Washington 20, San Jose St. 17
Wyoming 34, Washington St. 13

CANADIAN FOOTBALL LEAGUE

Friday's Result
Edmonton 34, Calgary 17

TENNIS

U.S. Open

FRIDAY'S RESULTS

Women's Singles, Semifinals

Steffi Graf (1), West Germany, def. Arantxa Sanchez Vicario (6), Spain, 6-1, 6-2; Gabriela Sabatini (5), Argentina, def. Mary Joe Fernandez (8), U.S., 7-5, 5-7, 6-3.

Women's Doubles, Semifinals

Jana Novotna (1), and Helena Sukova, Czechoslokia, def. Larisa Savchenko (3), and Natalia Zvereva, Soviet Union, 6-2, 6-3; Martina Navratilova (2), and Gigi Fernandez, U.S., def. Kathy Jordan (4), U.S., and Elizabeth Smylie, Australia, 6-4, 7-5.

Men's Doubles, Final

Pieter Aldrich (2), and Danie Visser, South Africa, def. Paul Annacone, and David Wheaton, U.S., 6-2, 7-6 (7-3), 6-2.

SATURDAY'S RESULTS

Women's Singles, Finals

Gabriela Sabatini (5), Argentina, def. Steffi Graf (1), West Germany, 6-2, 7-6 (7-4).

Men's Singles, Semifinals

Andre Agassi (4), U.S., def. Boris Becker (2), West Germany, 6-7 (10-12), 6-3, 6-2, 6-3; Pete Sampras (12), U.S., def. John McEnroe, U.S., 6-2, 6-4, 3-6, 6-3.

AUTO RACING

Monza Grand Prix

Results Sunday from the Italian F-1 Grand Prix over the 5.8-kilometer (3.6-mile) Monza circuit with driver, country, make of car and laps completed:

1. Ayrton Senna, Brazil, McLaren-Honda, 53 laps, 236.569 kmph (146.672 mph); 2. Alain Prost, France, Ferrari, 53; 3. Gerhard Berger, Austria, McLaren-Honda, 53; 4. Nigel Mansell, Britain, Ferrari, 53; 5. Riccardo Patrese, Italy, Williams-Renault, 53; 6. Satoru Nakajima, Japan, Tyrrell-Ford, 52; 7. Nelson Piquet, Brazil, Benetton-Ford, 52; 8. Alessandro Nannini, Italy, Benetton-Ford, 52; 9. Alex Caffi, Italy, Arrows-Ford, 51; 10. Andrea De Cesaris, Italy, Dallara-Ford, 51; 11. Nicola Larini, Italy, Ligier-Ford, 51.

Overall Standings
(After 12 out of 16 races.)

1. Ayrton Senna, Brazil, 72 points; 2. Alain Prost, France, 56; 3. Gerhard Berger, Austria, 37; 4. Thierry Boutsen, Belgium, 27; 5. Nelson Piquet, Brazil, 24; 6. Riccardo Patrese, Italy, 17; 7. Amessandro Nannini, Italy, and Nigel Mansell, Britain, 16 each; 9. Jean Alesi, France, 13; 10. Ivan Capelli, Italy, 6.

SOCCER

FRENCH FIRST DIVISION

Metz 1, Monaco 1
Nantes 1, Cannes 0
Bordeaux 2, Toulouse 1
Marseille 2, Paris St Germain 1
Montpellier 0, Toulon 0
Auxerre 4, Rennes 0
Nice 3, Sochaux 0
Lyon 2, Brest 0
Caen 4, Nancy 1
Lille 3, St Etienne 2

Standings: Marseille 14; Caen 11; Auxerre, Monaco 10; Brest, Metz, Lyon 9; Montpellier, Paris St Germain, Lille, Toulouse, Nantes 8; Nice, Bordeaux 7; Toulon, Sochaux, Cannes, St Etienne, Rennes 6; Nancy 4.

WEST GERMAN FIRST DIVISION

Bayern Munich 4, Kaiserslautern 0
Borussia Dortmund 1, VfL Bochum 0
Bayer Urdingen 2, VfB Stuttgart 0
FC Nuremberg 0, SC Karlsruhe 0
Hertha Berlin 0, Fortuna Dusseldorf 1
Eintracht Frankfurt 0, Werder Bremen 0
SV Hamburg 3, B. Moenchengladbach 0
Bayer Leverkusen 3, St Pauli 1
Wattenscheid 0, FC Cologne 3

Standings: Bayern Munich 8; Eintracht Frankfurt, Bayer Leverkusen, Kaiserslautern 7; VfB Stuttgart, FC Cologne, Fortuna Dusseldorf 6; FC Nuremberg, Werder Bremen, Wattenscheid, Bayer Urdingen, VfL Bochum, Borussia Dortmund 5; SV Hamburg, St Pauli 4; Karlsruhe, Borussia Moenchengladbach 2; Hertha Berlin 1.

ENGLISH FIRST DIVISION

Aston Villa 2, Coventry 1
Chelsea 3, Sunderland 2
Everton 1, Arsenal 1
Luton 1, Leeds 0
Manchester United 3, Queen's Park Rangers 1
Norwich 0, Crystal Palace 3
Nottingham Forest 3, Southampton 1
Sheffield United 1, Manchester City 1
Tottenham 3, Derby 0
Wimbledon 1, Liverpool 2

Standings: Liverpool 12; Crystal Palace, Manchester United 10; Tottenham, Arsenal 8; Leeds, Manchester City, Luton 7; Chelsea 6; Nottingham Forest 5; Coventry, Sunderland, Aston Villa, Southampton, Queen's Park Rangers, Wimbledon 4; Norwich 3; Sheffield United, Derby 2; Everton 1.

DUTCH FIRST DIVISION

SVV Schiedam 0, Willem II Tilburg 0
Sparta Rotterdam 2, Fortuna Sittard 2
Ajax Amsterdam 1, FC Twente Enschede 1
FC Den Haag 1, FC Groningen 2
RKC Waalwijk 1, FC Utrecht 0
Vitesse Arnhem 0, Feyenoord Rotterdam 0
SC Heerenveen 1, NEC Nijmegen 1
PSV Eindhoven 3, MVV Maastricht 0
Roda JC Kerkrade 2, Volendam 1

Standings: PSV Eindhoven, FC Groningen, FC Twente Enschede 5; Feyenoord Rotterdam, Volendam, Vitesse Arnhem, Ajax Amsterdam, NEC Nijmegen 4; Willem II Tilburg, Fortuna Sittard, SC Heerenveen, RKC Waalwijk 3; Roda JCKerkrade, SVV Schiedam, Sparta Rotterdam 2; FC Den Haag 1; FC Utrecht, MVV Maastricht 0.

ITALIAN FIRST DIVISION

Atalanta of Bergamo 2, Bari 0
Bologna 0, Pisa 1
Cagliari 0, Internazionale of Milan 3
Lecce 0, Napoli 0
Milan 1, Genoa 0
Parma 1, Juventus of Turin 2
Roma 4, Fiorentina 0
Sampdoria of Genoa 1, Cesena 0
Torino 0, Lazio of Rome 0

Standings: Roma, Internazionale of Milan, Atalanta of Bergamo, Sampdoria of Genoa, Milan, Pisa, Juventus of Turin 2; Napoli, Lecce, Torino, Lazio of Rome 1; Parma, Bologna, Genoa, Cesena, Bari, Cagliari, Fiorentina 0.

SPANISH FIRST DIVISION

FC Seville 2, Real Madrid 0
Atletico Madrid 2, Betis Seville 1
Barcelona 3, Valencia 1
Castellon 1, Espanol 1
Real Zaragoza 0, Logrones 1
Cadiz 1, Real Sociedad 1
Sporting Gijon 4, Real Valladolid 0
Real Mallorca 1, Oviedo 1
Athletico Bilbao 2, Burgos 1
Osasuna Pamplona 2, Tenerife 1

Standings: Barcelona 4; Real Mallorca, Real Sociedad, Atletico Madrid, Osasuna Pamplona, FC Seville, Sporting Gijon 3.

GOLF

European Open

Final scores Sunday from the 6,467-yard, par-70 Old Course at Sunningdale, England:

Peter Senior, Australia,	67-68-66-66—[illegible]
Ian Woosnam, Wales,	65-68-68-67—[illegible]
Jose Maria Canizares, Spain,	69-69-63-68—[illegible]
Gordon J Brand, England,	70-65-65-70—[illegible]
Nick Faldo, England,	68-70-64-68—[illegible]
Tim Simpson, U.S.,	67-72-64-67—[illegible]
Jose Maria Olazabal, Spain,	65-69-70-66—[illegible]
Eduardo Romero, Argentina,	70-65-69-67—[illegible]
David Feherty, N.Ireland,	73-65-66-68—[illegible]
Jimmy Heggarty, N. Ireland,	72-70-66-64—[illegible]
Jose Rivero, Spain,	70-66-69-[illegible]
Brett Ogle, Australia,	69-73-68-[illegible]
Mats Sunesson, Sweden,	67-67-72-[illegible]
Paul Broadhurst, England,	71-71-67-65—[illegible]
Mike Clayton, Australia,	68-71-64-71—[illegible]
Richard Boxall, England,	66-74-68-66—[illegible]
Mark Roe, England,	71-68-68-67—[illegible]
Frank Nobilo, New Zealand,	72-70-65-67—[illegible]
Steven Richardson, England,	68-66-70-70—[illegible]
Sam Torrance, Scotland,	68-71-67-68—[illegible]

TRANSACTIONS

BASKETBALL
National Basketball Association
DENVER—Named Paul Westhead coach.

DENNIS THE MENACE



"Boy! I wonder if these cookies *taste* as good as they smell!"

PEANUTS



BLONDIE



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

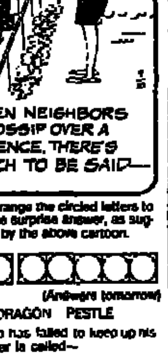
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

DOITI

THERB

PHILSO

BASHUM



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: ON

(Answers tomorrow)

Saturday's Jumbles: BARGE AISLE DRAGON PESTLE
Answer: What a person who has failed to keep up his payments on the car is called—A PEDESTRIAN

BEETLE BAILEY



DOONESBURY



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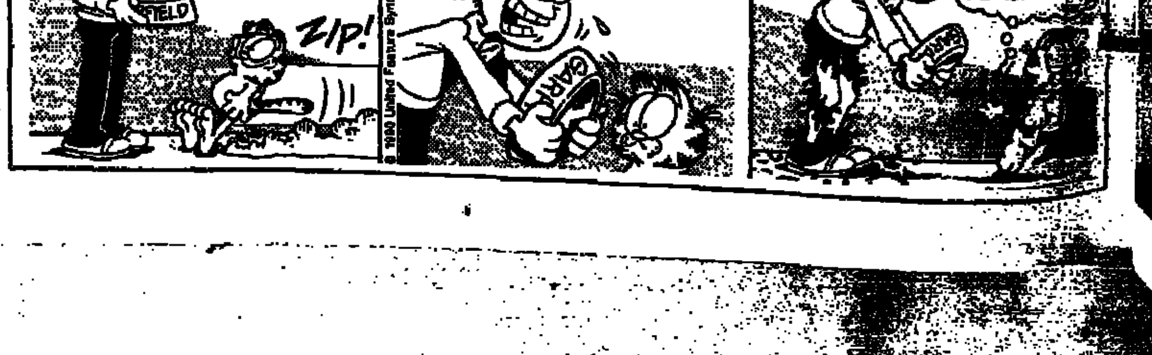
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REX MORGAN



GARFIELD



MONDAY SPORTS

Sabatini Squelches Graf to Win First Grand Slam Title

By Michael Janofsky
New York Times Service

NEW YORK — She had more victories than most 20-year-old tennis players could hope for, more endorsements, enough career earnings to last a lifetime or two, a shiny new Porsche, even a perfume named after her.

What she didn't have was a Grand Slam singles title, and she finally took care of that Saturday.

With a screaming forehand up the line to end a second-set tie breaker, Gabriela Sabatini of Argentina, a frequent foil in too many big matches to remember, won the women's championship of the U.S. Open, upsetting Steffi Graf of West Germany, 6-2, 7-6 (7-4).

Graf, the top seed, was trying to win the title for a third straight time.

It was the fourth time in 22 attempts that Sabatini had defeated Graf, the world's top-ranked female player for the last 160 weeks. It was also the first of her victories over Graf that did not require a third set.

"It's very hard for me to talk right now," Sabatini said in the moments after her victory at the National Tennis Center.

"I just can't believe that I won this tournament. There are no words to explain this emotion."

While the victory brought Sabatini the biggest payday of her young life, $350,000 — or $50,000 for each of seven matches at the Open — it validated one of the most important decisions of her life, to change coaches earlier this year, the day after she lost in the fourth round to Jana Novotna at the French Open.

The loss was a demoralizing moment, especially because she was a semifinalist at the French Open in three of the previous four years.

Her game under Angel Giminez had stagnated, so the decision was made to hire Carlos Kirmayr, a former touring pro from Brazil.

It was Kirmayr who taught her the advantages of approaching the net without fear, the tactic that worked so well throughout the Open, as she registered straight-set victories over Kathy Jordan of the United States, Isabelle Demongeot of France, Sabine Appelmans of Belgium, 11th-seeded Helena Sukova of Czechoslovakia, Leila Meskhi of the Soviet Union and No. 8 Mary Joe Fernandez of the United States in the semifinals.

"I was working with my coach very much to come to the net," said Sabatini, the fifth seed. "I want to say 'Thank you' to my coach. We've been working together only two months now, and he already gave me a lot of confidence."

For Graf, the winner of nine Grand Slam singles titles, it was a stinging defeat and one wholly unforeseen, given the level of her play at the Open. She had looked invincible, defeating Arantxa Sánchez Vicario in the semifinals, 6-1, 6-2, in a match that lasted 54 minutes.

Yet even as the final opened, it was apparent Graf's magic had diminished. Sabatini needed all of four points to wrest control of the first set, as she broke Graf at love. When she won the third game for a 3-0 lead, patterns began emerging.

With Sabatini gaining confidence, her shots bounced closer to the lines, forcing Graf into an assortment of errors.

Once Graf held serve for the second time to trail, 2-5, she made four consecutive unforced errors in the next game to give Sabatini the set — just the second set Graf had lost in the tournament.

Graf raised the level of her play in the early stages of the second set, even though it began as the first, with Sabatini breaking when Graf netted a forehand volley at 30-40. But this time, she broke right back when Sabatini drove a forehand deep and dumped a backhand volley into the net.

Before the set ended, both players had an opportunity to break again, each having the other at 30-40 — in the sixth game for Graf and the seventh for Sabatini. But neither could convert the next point, and the set lumbered on into the ninth game, before another critical point emerged.

After leading, 40-15, Graf let Sabatini bring the score to deuce twice before the defending champion lunged for a backhand volley, sending it wide. After a long rally, with each player pinned at her own endline, Graf then floated a backhand deep by inches.

But with a chance to serve for the title, Sabatini failed to capitalize, losing three of the first four points on her serve, then the game with a loopy, lazy backhand that barely found the stadium floor.

Each then held serve — shakily — to bring on the tie breaker.

Each broke twice through the first seven points, before Sabatini sent a volley past Graf to lead 5-3.

Though Graf won the next point on her serve, Sabatini hung on for the final two points, lunging wide for a winning volley on the first, then sending the forehand up the line for the second.



Mike Blake Reuters

An elated Gabriela Sabatini after her two-set upset victory over Steffi Graf in the U.S. Open final.

Rypien and Redskins Blank Cardinals, 31-0, As NFL Season Begins

The Associated Press

Mark Rypien threw three touchdown passes and the Washington Redskins used four interceptions to beat the Phoenix Cardinals, 31-0, on Sunday in Washington, spoiling Joe Bugel's head-coaching debut.

The Redskins drove for scores following the first three interceptions of Timm Rosenbach and Alvin Walton returned the fourth 57 yards for the final touchdown.

As the National Football League's regular season began, Rypien completed 17 of 31 passes for 240 yards

NFL ROUNDUP

to ruin Bugel's return to Washington, where he had been an assistant to Joe Gibbs from 1981 through last season.

It was Washington's first opening-game shutout since 1943.

Rosenbach, a second-year player starting his second NFL game, was 20-for-39 for 228 yards and was sacked three times.

His first two interceptions came on consecutive series in the first half. Rypien capitalized by hitting Ricky Sanders on a 37-yard scoring play and Earnest Byner for a four-yard touchdown.

Bears 17, Seahawks 0: In Chicago, Neal Anderson scored a pair of touchdowns, and the Bears defense set the tone early with a pair of sacks and two interceptions.

Anderson scored on runs of 17 and 4 yards, rushing for 101 yards total, and Kevin Butler kicked a 47-yard field goal for Chicago's other score.

The Bears sacked Dave Krieg twice on the first series of plays, then turned intercepted passes into two first-half scores.

Buccaneers 38, Lions 21: In Pontiac, Michigan, Vinny Testaverde threw three touchdown passes and the Tampa Bay defense sacked Rodney Peete five times.

The Lions, who had won five straight to close the 1989 regular season and were 4-0 in the preseason, turned the ball over four times, twice on interceptions and twice on fumbles.

Testaverde, operating at his best from the pocket, completed 16 of 21 passes for 237 yards. He was intercepted once, but the Lions wasted the opportunity by fumbling in the Bucs' end zone.

Testaverde, who dramatically improved his interception-to-touchdown ratio last year, needed just 2:15 to get his first touchdown pass of the season. Tight end Ron Hall got behind linebacker Chris Spielman for a 54-yard touchdown.

Chiefs 24, Vikings 21: In Kansas City, Steve DeBerg, throwing to wide-open receivers, ripped off gains of 20 and 16 yards in a 78-yard, fourth-quarter touchdown drive that lifted the Chiefs.

Christian Okoye, the 1989 NFL rushing champion who generally had been outplayed all day by Minnesota counterpart Herschel Walker, climaxed the go-ahead drive with a two-yard plunge with 9:35 left. The Vikings then failed on a fourth-and-two with 2:14 left, giving the Chiefs the ball at the Minnesota 31.

On the winning drive, DeBerg found Bill Jones alone in the flat for a 16-yard gain on first down. He then connected with Rob Thomas, who also was uncovered, for 20 yards. Okoye set up the score with an 11-yard run around left end.

Packers 36, Rams 24: In Green Bay, Wisconsin, Anthony Dilweg, given the chance to play by Don Majkowski's 45-day holdout, passed for three touchdowns in his first NFL start.

Dilweg twice passed to tight end Ed West for touchdowns, the second from seven yards with 11:43 to play. That capped a nine-play, 80-yard drive and put the Packers ahead, 27-17.

Three plays later, Henry Ellard fumbled after a pass reception and Green Bay's Jerry Holmes picked it up and ran 33 yards to the Los Angeles 4. Brent Fullwood's two-yard touchdown run put the Packers ahead 33-17.

But Jim Everett then completed five passes in an 80-yard drive that took just under three minutes. He capped it with a two-yard toss to Pete Holohan, bringing the Rams within 33-24 with 8:11 left.

The Packers, behind Dilweg, then chewed up seven minutes with another long drive. Chris Jacke hit a 51-yard field goal, but the Rams were called for unsportsmanlike conduct on the play, giving the Packers a first down at the Rams' 18. With 1:06 to play, Jacke kicked a 40-yarder for the game's final points.

Dilweg, completed 20 of 32 passes for 248 yards, including a 47-yard touchdown pass to Jeff Query to give the Packers a 17-14 lead with 1:35 left in the first half. The play came just 19 seconds after a 40-yard touchdown pass from Everett to Flipper Anderson put the Rams up 14-10. It would be Los Angeles' final lead of the day.

The Rams' Mike Lansford had a 41-yard field goal attempt hit the crossbar at the end of the half.

Jacke tied a club record with a 53-yard field goal in the third period, putting the Packers ahead, 20-14.

Hot vs. Cool: Agassi and Sampras Sail Into Final



Peter Morgan/The Associated Press

Rodin it was not, but Andre Agassi struck a pensive pose after he had dethroned Boris Becker, the defending champion, in four sets.

By Robin Finn
New York Times Service

NEW YORK — The rejected rackets fanned out next to John McEnroe's chair like a deck of cards. Slumped on that courtside chair, the 31-year-old New Yorker, who stopped one round short of playing the role of the consummate Renaissance man at the U.S. Open this year, hung his head between his knees and draped a white towel across his neck like a shroud. McEnroe's tenure at the Open expired beneath a striking sunset.

"It's been a great run," McEnroe said. "But it just didn't happen."

After another summer of discontent, McEnroe revitalized himself for his hometown Grand Slam tournament as if he had been cued for it, and inserted a lingering note of melodrama through six rounds of matches. But his attempt to secure his first Grand Slam title since he gained his fourth and final championship here in 1984 was rendered quixotic Saturday night by the smooth, steady and stultifying play of 19-year-old Pete Sampras, the 12th seed.

The teenager from California bombarded the unseeded McEnroe with 17 aces and tripped him up with innumerable down-the-line passing shots in the course of the rigorous 6-2, 6-4, 3-6, 6-3 victory, which sent him into the final Sunday against Andre Agassi.

"I didn't really expect to be in the position I'm in," said Sampras, whose powerful serve-and-volley game proved too taxing for McEnroe, who did not perform with the same menace he had displayed in earlier rounds. Instead, McEnroe backed up and backed off and let Sampras slam out sufficient winners to take a commanding two-sets-to-none lead.

"His pace put me off a little bit," McEnroe said. "He seems to be very cool, cool as a cucumber."

Sampras said after the match that one of his strategies was to remain as unemotive as possible, a contrast to McEnroe.

"Hope springs eternal," said McEnroe, as he fended off the retirement question one more time. "But the two guys who played the best tennis are the guys who are in the final."

Agassi played flawlessly in the noontime sun against an addled defending champion and ousted Boris Becker, 6-7, 6-3, 6-2, 6-3. The removal of both of the Open's defending champions, Steffi Graf and Becker, marked the first time since Chris Evert and Jimmy Connors faltered in 1979 that the tournament had lost its title-holders on the same day.

Agassi's successful attempt to break through to an Open final on his third straight attempt here guaranteed the title would be contested by two Americans for the first time since 1979, when McEnroe defeated Vitas Gerulaitis.

According to Becker, ranked No. 2 in the world, Agassi, 20, spliced and splintered the sidelines with winners for the space of their 3-hour and 4-minute match.

"I haven't seen him play like this ever," said the 22-year-old West German, who captured titles at Wimbledon and the Open last year but will leave 1990 without a Grand Slam title. "I think he hit everything into the corners for three hours. I think it was a really important match for him: he proved to everyone that he is a world-class tennis player."

Agassi reacted to gaining his second Grand Slam final of the year by sinking to one knee in the middle of the court.

"I was not trying to overspiritualize it the way some players do," Agassi said. "I was just being thankful. I've always said the U.S. Open is in my mind the most prestigious tournament in the world."

"The calls were terrible," said Becker, who lay down on the court protesting a call near the end of the third set. "Between the wind, the calls, and the way he played, I had a bad time today."

Agassi's recovery after frittering away five set points in the opening set put Becker in a crucible for the remainder of the match. If it wasn't Agassi's patient, perfect playmaking that daunted him, it was a curious accumulation of questionable line calls in his disfavor that caused him to lose his poise.

Becker also found himself backed into a disadvantageous firing zone 10 feet (3.04 meters) behind the baseline by Agassi's farflung groundstrokes and could not retaliate with his volley.

"I couldn't come in," said Becker, who lost his serve nine times. "My serve was good, but it needed to be really good and it wasn't. His strength is hitting from the baseline and mine is serving well, and obviously that wasn't the case."

The players dueled for 72 minutes and struggled through a 22-point tie breaker, the longest at this year's Open, before Becker converted his fourth set point by serving wide to Agassi's backhand and picking off his weak reply with a cross-court forehand winner.

As Agassi served for the match, he gained triple match point with a vicious forehand winner and, up 40-15, he advanced to the final by forcing Becker to slam a forehand service return wide.

McGriff and Myers Homer as Jays Narrow Boston's Lead in AL East

Compiled by Our Staff From Dispatches

Fred McGriff and Greg Myers hit consecutive home runs in a four-run sixth inning as the Blue Jays beat the Chicago White Sox, 6-1, Sunday in Toronto to move

BASEBALL ROUNDUP

within 4½ games of first-place Boston in the American League East Division.

The slumping White Sox made a season-high four errors in losing for the third straight day to the Blue Jays.

McGriff led off the sixth with his 33d home run, a shot to straight-away center to extend his hitting streak to a major-league career-high 11 games. Myers followed with a homer to the middle deck in right for his fifth homer of the season and first since June 16.

The Blue Jays broke their American League attendance record with a sellout crowd of 49,870. It was the club's 48th consecutive sellout.

Mariners 3, Red Sox 1: Matt Young gave up one run in seven innings and tied a major league record with four strikeouts in the first inning in Boston.

Young began the first by striking out Jody Reed and Carlos Quintana. Wade Boggs also struck out, but reached first on catcher David Valle's passed ball. After Ellis Burks singled, Young then struck out Mike Greenwell.

The Mariners scored twice in the second inning, on a wild pitch and an RBI double by Harold Reynolds.

Athletics 7, Yankees 3: In New York, Willie McGee hit a tie-breaking two-run triple in the ninth as the Athletics completed their first season sweep against the Yankees — and only the fourth in major-league history.

The Athletics won all 12 games against the Yankees this year and outscored them 62-12.

McGee drove in four runs and Mark McGwire homered and hit a two-run single for Oakland.

Orioles 3, Angels 1: In Baltimore, Bill Ripken and Sam Horn hit RBI singles and rookie Anthony Telford earned his second major-league victory with 6⅓ solid innings as the Orioles completed a three-game sweep.



AP

Nolan Ryan continued to pitch even after he was hit in the mouth by a Bo Jackson grounder in the second inning that took a high hop.

Phillies 6, Mets 2: Dickie Thon broke an 0-for-21 slide with a go-ahead double in a four-run seventh in Philadelphia and Pat Combs and Joe Boever combined on a five-hitter.

In games played Saturday:

Blue Jays 3, White Sox 0: Dave Stieb, in his first start since pitching Toronto's first no-hitter, won his team-record 18th game and Kelly Gruber hit two solo home runs and scored all three runs in Toronto. The Blue Jays stayed 5½ games behind Boston in the American League East while the White Sox fell 8½ games behind Oakland in the American League West, their biggest deficit of the season.

Red Sox 10, Mariners 2: In Boston, Mike Greenwell and Mike Marshall each got three of Boston's 14 hits and Luis Rivera broke a 2-2 tie with a two-run double in the sixth.

Athletics 5, Yankees 2: Rickey Henderson hit two home runs in the last two innings and visiting Oakland beat New York for the 11th straight time this season.

Rangers 2, Royals 1: Rafael Palmeiro doubled home the winning run in Arlington, Texas, with one out in the ninth. Julio Franco, whose homer in the seventh gave Texas a 1-0 lead, singled and scored the game-winner on Palmeiro's hit.

Orioles 5, Angels 4: In Baltimore, Cal Ripken Jr. hit a game-winning bases-loaded sacrifice fly in the ninth.

Brewers 5, Tigers 2: B.J. Surhoff hit a three-run homer, Rob Deer hit his 27th home run and Jim Gantner singled three times in Milwaukee.

Twins 6, Indians 1: In Minneapolis, Scott Erickson pitched a seven-hitter for his first major-league complete game, and Nelson Liriano tripled, singled, walked twice, drove in a run and scored twice.

Mets 12, Phillies 2: Dwight Gooden helped end New York's five-game losing streak by tossing a five-hitter, striking out nine and walking two, and Kevin McReynolds hit an RBI double and two-run homer in Philadelphia.

Pirates 6, Expos 1: In Pittsburgh, Andy Van Slyke hit a two-run homer and a sacrifice fly and Doug Drabek became the National League's first 19-game winner.

Reds 8, Dodgers 4: Eric Davis hit three doubles, drove in two runs and scored three times in Los Angeles.

Giants 2, Astros 1: Matt Williams homered in the 10th — his second home run of the game — to lift the Giants in San Francisco. The second homer was Williams's 29th and his league-leading 107th run batted in.

Kelly Downs pitched a three-hitter through nine innings but Steve Bedrosian, who pitched the 10th, got the victory.

Cubs 5, Cardinals 4: In Chicago, Mark Grace's solo home run in the seventh helped rookie Dave Pavlas get his first major-league victory.

Braves 11, Padres 5: In San Diego, Lonnie Smith hit a two-run homer to cap a five-run eighth and lift Atlanta to its eighth victory in nine games.

(AP, UPI)

SIDELINES

Senior Wins European Open Golf

SUNNINGDALE, England (Reuters) — Peter Senior of Australia, who thought of quitting golf this year when his game deteriorated, bounced back by scoring the first victory in Europe with the broom-handled putter to take the European Open here on Sunday.

Senior, who missed the halfway cut in his last four European events, won a duel down the stretch with Ian Woosnam of Wales by shooting his second successive four-under-par 66 for a 267 total, 13 under par.

Woosnam battled from three behind to be one back with four holes to play, but missed birdie chances on the last four to finish a stroke behind. José-María Cañizares of Spain finished third with a 68. Nick Faldo, the Masters and British Open champion, who was playing with a wrist injury, began eagle-birdie-birdie to catch the leaders but faded into a four-way tie for fourth at 10 under.

IOC to Decide on Iraq's Games Status

KUALA LUMPUR, Malaysia (AP) — The International Olympic Committee will decide at its meeting Sept. 16-19 in Tokyo if Iraq can participate in the Asian Games and other international sports events, a Malaysian official said Sunday.

The president of the Olympic Council of Malaysia, Hamzah abu Samah, who is also an IOC vice president, was responding to questions about a special Olympic Council of Asia meeting to discuss the Iraqi issue on Sept. 20, two days before the opening of the Asian Games in Beijing.

Study Finds Teenage Steriod Use

WASHINGTON (UPI) — More than 250,000 American teenagers, or about 3 percent of 1989 high school graduates, have used muscle-building anabolic steroids, according to a U.S. government report.

About 4.7 percent of boys and 1.3 percent of girls from the 1989 class used the drugs, according to the report released Friday by the Department of Health and Human Services.

The study recommended that a national education program be developed to combat steroid use. Of those who said they had used the drugs, 6 percent said they were "influenced or motivated" to do so by their coaches. The study used data from the National Institute on Drug Abuse and a survey of current and former users.

For the Record

Sot Chitalada of Thailand retained his World Boxing Council flyweight title on Friday when he knocked out his Jamaican challenger, Richard (Shrimpy) Clarke in the 11th round in Kingston, Jamaica. *(Reuters)*



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60 Years After Waugh: Imitation of Life

By Mary Anne Fitzgerald

THE adage that life imitates art did not apply to the late Evelyn Waugh. His novels faithfully cribbed his own experiences, particularly those set in the Africa during the 1930s.

Were the crusty British author to revisit Addis Ababa, Ethiopia, today, he would no doubt succumb to a strong feeling of deja vu and grunt that life has imitated life, just as he always knew it did.

Sixty years ago, Waugh found rich material in the irony of imperial splendor in a country where an underfed population teetered on the brink of survival. The adventurers, journalists and diplomats temporarily supplanted onto this medieval canvas added the final ingredient for the magical alchemy that produces first-rate novels. It was the source for two of his best known works, "Scoop" and "Black Mischief."

Today the Ethiopian theme of war and famine is still being played out. The government of Lieutenant Colonel Mengistu Haile Mariam is under threat from rebels who are advancing on the capital from the drought-stricken north.

Waugh's first trip to Ethiopia, to attend Emperor Haile Selassie's coronation, was prompted by a whimsical suggestion at a dinner party. He was sufficiently intrigued to return five years later as a cavalier war correspondent, covering the invasion of Mussolini's troops for the Daily Mail. The lavish and corrupt court that held sway over a town awash with poverty and mud was a rewarding target for the ill-tempered author's caustic wit.

"Life here is inconceivable — quite enough to cure anyone of that English feeling that there is something attractive and amusing about disorder," he wrote to a friend.

"Black Mischief" takes place in the fictitious country of Azania. It is a lighthearted account of the coup that overthrows Emperor Seth. A silken thread of romance is woven through the tale when William Bland, honorary attaché at the British Legation, falls in love with the air-headed Prudence Courteney, daughter of the legation head.

Waugh's habit of thinly disguising the truth rebounded when he bumped into "Prudence" years later. She threw a glass of champagne in his face.



The Associated Press

The Taitu in Addis Ababa has changed little since Evelyn Waugh stayed there in the 1930s.

"Scoop" is set in the republic if Ishmaelia. The geography may be invented, but plot and characters tally closely with his own attempts to write up an African war for an English newspaper.

The bumbling young journalist William Boot, gardening correspondent for the Daily Beast, is sent to cover a military incursion when Lord Copper's editorial minions confuse him with the other Boot, an indefatigable war correspondent of a type that has become legend in Fleet Street's annals. It is a masterly jibe at the antics and anomalies of Western journalism and African politics.

Waugh drew closely on his own adventures when writing both novels. So closely, in fact, that should a devotee happen to tour the old cynic's former haunts, she could, with no great exercise of the imagination, step back into another age.

The first stop would undoubtedly be the Taitu, where Waugh stayed when he was in Addis Ababa. The hotel sits at the top of a steep cobbled street lined with brothels. This is the old town where washing hangs from rickety balconies and pedestrians can still walk in the middle of the road without fear of being bumped by cars.

The Taitu has changed little over the years, its corrugated iron roof foxed with rust and the latticework balconies covered with purple bougainvillea. The interior is a faded museum of Art Deco, from the fluted, but now chipped, lights in the bar to the vaulted mosaic arch that leads to the communal washrooms.

Here on the high-ceilinged upstairs landing is a desk and wide-back chair that speaks of the other, more leisurely times when, in the absence of telephone, telex and fax, travelers communicated at length with pen and paper. Waugh probably sat at this same desk, writing his peevishly witty letters home. "I had a baboon but he seemed incapable of affection and kept me awake in the afternoons so I threw him away."

This rambling guest house was known as the Deutsche Haus. It provided a retreat for the posse of frustrated, gambling and hard-drinking journalists who, as still happens today, were unable to break down the wall of bureaucracy that kept them well away from any skirmishes between the Ethiopian Army and its enemies.

The tedium of waiting for news to filter back from the war front was alleviated by a round of entertaining. The press held dinner parties in their spacious, brown-walled bedrooms, attended by locally employed batmen wearing jodhpurs and white shawls.

"It was their employers who paid for all this hospitality, but the conventions were decently observed — 'My round, old boy.' . . . 'No, no, my round' . . . 'Have this one on me,'" Waugh wrote in "Scoop."

Waugh fans who pay a nostalgic visit to the Taitu's deserted dining room are served by grizzled waiters who shuffle forward bearing plates of solid English fare: lamb chops swimming in gravy followed by wobbly red jelly.

These ancient retainers were possibly youngsters cutting wood to stoke the kitchen fires in Waugh's day. However, inquiries about the former guest elicit no response. After all, one inebriated *ferenji* (foreigner) is much like another.

Now, as then, Addis Ababa has the air of a beleaguered city. Rebels have advanced to Dese, a garrison town about 240 kilometers (150 miles) from the capital.

When Waugh was covering the Italian invasion, he waited months for permission to go to Dese. "We came here in hope of going to the front but can't even move out of town . . . The war may be over for all we know," he wrote, touching on every reporter's essential fear.

All efforts to see action proved fruitless. He spent a sodden night in the bush when his car bogged down in the mud and was then turned back by the Ethiopian military. Journalists reporting on this latest war have been similarly frustrated.

Today the prospect of guerrillas sweeping through the streets is so real that embassies have put their nationals on the alert. The Americans and British have been instructed to put in extra supplies of food and water. The Russians have hauled sacks of flour into their tiny flats.

Even so, the ferenji continue to pursue their daily round of work, bridge parties and duck shooting with suitable phlegm.

In "Black Mischief," Waugh admirably captured insouciance in the heart of chaos when the ferenji sought refuge from the fighting in the grounds of the British legation. "Lady Courteney appeared among her guests, waring gumboots and pushing a barrow and spade.

"Emperors might come and go, but there was heavy digging to be done in the lily pond."

Mary Anne Fitzgerald is a Nairobi-based journalist.

LANGUAGE

Face Time, Shmace Time

By William Safire

WASHINGTON — A White House aide thrust into the limelight by Gulf war preparations was described to Maureen Dowd of The New York Times as one who was "getting a lot of *face time* on national television." This is a *locution gaining currency* but groping for specific meaning.

The print coinage of *face time* belongs to U.S. News & World Report, which in 1978 wrote that President Carter "drops by the White House press room . . . guaranteeing himself a few precious seconds of 'face time' on the evening TV news."

Three years later, Lois Romano of The Washington Post wrote that presidential counselor Ed Meese came to a book party "for what is commonly referred to in Washington as 'face-time.'" The writer defined the term as "a handshake, a walk around the room and one drink." (That political parlance is more commonly called a *drop-by*.)

The sense of showing one's face to a gathering in person, rather than to an audience on television, was remarked by Jeffrey Schmalz in a New York Times article about Cornell University's 1983 hockey season: "'Going to the games is positive face time,' said Alan Baren, a senior. (Translation: Having your face seen at the right place, at the right time, with the right people.)"

This sense was narrowed to a form of apple-polishing in Pentagonese. Major General Perry M. Smith compiled a glossary to the insider lingo at Fort Rumble in his 1989 book "Assignment: Pentagon" that includes "*Face time:* time spent near big bosses in attempts to impress them with your diligence and loyalty." *Night face,* or after-hours contact, counts double; *weekend face* counts quadruple.

All this is unrelated to *saving face,* based on the Asian concept of dignity. The Chinese expression *tiu lien* means "to lose face," which is the loss of dignity before others; *saving face,* as in maintaining one's dignity, is an English phrase of the late 19th century modeled on the Chinese.

In current use, *face time* means "being noticed by a significant audience." In a corporate or political hierarchy, the locution involves the physical impression of one's attentive visage on an employer or superior, and also has a more general meaning of "exposure," as in "face time on television."

Although the two-word phrase has been with us for more than a decade, it has not yet fused, on the analogy of *bedtime.* Give it usage time.

□

"Re the enclosed," writes Lexicographic Irregular Edward M. Kennedy of Capitol Hill, "the know-nothings are falsely shouting quotas!" He encloses a clipping from The Wall Street Journal about a civil-rights measure passed by the Senate despite the threat of a veto by the president. A circled paragraph begins: "'Quotas, schmotas,' said Senator Edward Kennedy (D.-Mass.), floor manager of the bill, adding that the 'false cry of quotas' is a 'disreputable tactic.'"

Although Kennedy's punctuation needs work (his note should have read "the know-nothings are falsely shouting, 'Quotas!'"), he is an ace at spelling; I presume he sent in the clip to protest the newspaper's incorrect insertion of a *c* in what should be *shmotas.*

The reduplication of a word, substituting *shm-* for the beginning of its first syllable, is Yiddish. According to Sol Steinmetz of Random House, "I recommend the *sh* spelling because the German *sch* is misleading."

The earliest citation of this derogation in English listed by the Oxford English Dictionary is from a 1929 novel, "The Five Books of Mr. Moses," by Izak Goller, who felt called upon to explain the usage twice: "'*Crisis-shmisis!*' mocked *Barnett disparagingly.*"

The punctuation of this type of expression has been changing. At first, almost all usages were hyphenated, as in *fancy-shmancy;* this gave a singsong effect, however, which did not reflect the shrug of studied indifference implicit in the phrase's meaning.

At present, the proper punctuation is a comma, as in *quotas, shmotas,* unless the term is used as a compound adjective, as in *fancy-shmancy linguists.* The *shm-* play is always on the first syllable, even of a proper noun or phrase: *Senator, Shmenator; Wall Sweet Journal, Shmall Street Journal.*

□

The budget deficit, once of considerable concern in Washington, was the subject of a question to President Bush: would the Gulf involvement knock his projections off? "It may cause for a rearrangement in how money is spent," he replied, scrambling his syntax, "because this is not a *freebie.*"

This slang noun means "something that costs nothing; a gift." In current usage, it has replaced *caffo, gratis* and *on the house;* in terms of free tickets, it has replaced *Annie Oakley.*

"That meal was a freebie," wrote Louis Armstrong in his 1954 autobiography, "and didn't cost me anything." He added the definition because the word was then only about a decade old. His spelling, with the *-ie* ending, indicates that this coinage was part of the mid-century trend toward popularizing *sweetie, cutie* and the 1871 *goodie-goodie. Freebie* and *cheapie* grew up together; a consonant was added to free to make it work as the first of two syllables. A second theory exists: Random House speculates that the final syllable should be spelled *bee,* if taken from the phrase *put the bee on,* meaning "to borrow money with no intention of repaying it." That's a good stretch, but fanciful.

The *-ie* ending is current: A news release has come in for what is described as a "new 4 lb. book" — "Lesko's Info-Power," by Matthew Lesko — which shows "how to tap into the thousands of freebies and cheapies" from the United States government's "30,000 government goodies."

Sweetie and *cutie,* coined in the 18th century, are now often taken as sexist put-downs; Reagan operatives in the 1980 campaign infuriated many women at the Democratic candidate by distributing buttons reading "Cuties for Carter." *Cheapie* has a pejorative connotation, derived from the tawdry sense of *cheap;* there are no *inexpensivies.* But *freebie* has a happy feeling; everybody wants to get on a *freebie* list.

Why do we need the word? *It's free* means the same as *It's a freebie* and has the advantage of brevity. A yearning evidently has developed for a nominative form of the adjective; when turned into a noun, the word gains a piquant personality it lacks as an adjective. "She's *sweet*" often introduces a *but,* but "She's a *sweetie*" does not. Similarly, "It's *free*" is nice to know, but "It's a *freebie*" impels you toward an item you want to get your hands on. The president's usage extends its sense to the cost of a gigantic enterprise.

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